According to Universal Declaration of Human Rights (1948), housing is considered as basic right at international level. Furthermore, United Nations has arranged HABITAT II Conferences in which the significance of housing has been highlighted with the major agenda of UN Habitat as "sufficient housing for all" (Habitat II, 1996). Since the existence of human beings, housing is considered as one of the major need of people on this planet. An important role has been played by housing not only in the life of life of individuals but it also brings numerous advantages to the society. Some specific positive social advantages are brought through home ownership and these mainly include: characteristics of community, crime, shaping of health, child outcomes, environmental awareness, activism and local participation in politics, social involvement and stability of households (Dietz, 2003).

Even though significant importance has been gained by housing for the economy, society and families, the fact still remains the same that increased housing shortages are being faced by a large number of developing countries. It holds true for the member states of IDB. It has been reported by UN-Habitat that as many as 1 billion individuals are spending their lives in slums. In the next 25 years, approximately 2 billion more people will demand for basic infrastructure and housing services. In Asian states, the situation will be adverse, where population in urban regions will increase and it is expected to reach almost 3.4 billion in next 40 years. Each day, a total of 120,000 people are required to be accommodated in Asian cities, which is equal to the daily demand of housing for approximately 20,000 housing units.

The sectors of real estate and housing have a positive relationship with the over economic development of a country. This sector is associated with different other sectors and any modifications in real sector can impact the entire economic situation of a country. In GCC region, the governments of oil rich countries have shown strong commitment to offer high living standards to their people, where government provides majority of the necessities such as housing, hospitals for healthcare and schools for education. The housing facility provisions provided to citizens often demand for an intricate planning and huge investments. Because of this reason, there is not only a short demand of housing services, but they are becoming highly difficult to afford because of continuous increase of housing prices.

One example of such economy is of Kuwait in which the housing sector is entirely controlled by the government. In 1976, Public Authority for Housing Welfare (PAHW) has been developed by the government with an aim of offering housing facilities to eligible candidate no later than a five year tenure after application. The service is generally focused on the provision of finances and land for constructing the house. However, department was unable to fulfil the demand of public for new houses because it fell short of expectations, as a result of which the requests for housing piled with the passage of time. The concern of public towards the security of housing is also increasing.

Recently, Parliament of Kuwait has carried out a survey in which it was clearly demonstrated that housing is the top priority and major concern of general public. It has also been shown in the data provided by PAHW that in small Kuwaiti economy, a large number of families are still waiting for their turn to come, and that average time of waiting is growing to 13 years after application has been filed. The problem at hand has turned to be highly complicated because people living in Kuwait do not afford house. Initiatives have been taken by the government to resolve the current situation of housing in a satisfactory way. The supply of housing is constraint by different factors, particularly in urban regions. One of the major issues is the unavailability of the affordable land in big cities, particularly for low income people. The prices of land have been pushed up by the rapid urbanization and economic growth in the country. Not only the land's availability, but also the bad infrastructure impact the availability of affordable housing.

For these reasons, the presence of housing finance is essential. However, there are different problems that are linked to housing finance, particularly in developed countries and developing countries. Some of the important problems of housing sector includes: insufficient funds for long term housing finance, greater costs of transaction, ineffective system of land registration, ineffective laws of foreclosures, weak regulatory and legal framework, vague rights of property and non transparent ownership. Non-It is difficult to meet the rising housing demand without the strong market of mortgage. In western states, a large number of mortgage instruments with varied maturity and interest rates are available to cater for the different needs of lenders and borrowers.

In states such as United Kingdom, Spain, Korea, Ireland and Australia, the initial fixed rate, short term variable rate mortgages have become dominant. On the other hand, fixed rate short to medium term mortgages are the dominant products in Switzerland, Netherland, Denmark and Canada. In United States, fixed rate, long term mortgages are considered to be dominant. It has been further stated by Lea (2010) that there is not mortgage that is considered to be perfect — in any state, the dominant instrument maintains a balance between needs of investor/lender and borrower. Regulation might have a significant impact if it dictates or bans some characteristics. An important role has also been played by history— a dominant instrument in a sector is aware about both lenders and borrowers and it is hard to dislodge.

Even though a large number of mortgage products are accessible by borrowers in different parts of the world, all of them of interest based products and are not appropriate for the some borrowers in Muslim countries. However, it is important to learn a lesson from best practices of the traditional mortgages for the growth of Islamic home mortgage products. In the mortgage market, different modes of Islamic finance are present. Nevertheless, Murabaha is one extensively used housing finance mode followed by Musharakah and Ijarah for completed properties. For under construction property, Ijarah is extensively adopted followed by Murabaha. However, it is important to design Islamic products, which cater for diverse customer needs.

Since three decades ago, the Shariah compliant housing finance has been started in different members states. It has gained popularity across the globe and specifically in Kuwait. The Islamic based housing finance modes are increasing in GCC. In the UK, the market of Islamic home finance make up approximately 0.5 percent of the overall mortgage sector. The sector of housing is too wide for any government or financial institution to finance on individual basis. It requires that financial institutions (both private and public) and multilateral financial bodies should take initiatives to support the development of housing sector by strengthening the secondary and primary mortgage markets across the states.

Hence, this study is focus on exploring the comparative analysis of difference between conventional and Islamic banks in housing finance of Kuwait. Furthermore, Moreover, this research intends to provide an insight into the major differences in Kuwait between two kinds of banks.

It has been demonstrated by Imam and Kpodar (2010) in an IF study that annual digital growth of Islamic banking and finance sector has doubled in last 10 years and it has progressed to a large from a niche industry in different states of the world. In Islamic banking sector, the total asset volume has been increased to USD1 trillion in 2010 (S&P (2010)). Even though its global share in banking sector is still little, the future IBF projections tells that most of the Muslim states, IBF will turn out to be a competitive substitute to the traditional banking industry and an essential component of financial sector at global level.

For smooth economic functioning, there is a need for fund transformation to deficit unit from surplus unit of economy because people with huge amount of funds does not necessarily make investment in business that is highly profitable. It has been stated by Madura (2012) that money can be invested by savers either through the assistance of financial intermediaries or directly in security markets. In the scenario of current market, the investment of two third of savings is made with the support of financial intermediaries (Beck et al., 2014). It has been argued by Iqbal et al. (1998) and Beck et al. (2014) that terms of both parties and the size of required funds are eliminated by the process of financial intermediations. The small savings are collected by banks from individual households and deficit sector is facilitated to utilize these funds for short term financing and mortgage.

The mismatch of funds size needed by the supplier of funds and users of funds are being removed by financial intermediaries. The people feeling the need to have shelter are facilitated by banks. Different products are being offered by banks to purchase a home to secure people from social and environmental hazards. In order to purchase home, the most common form of home purchasing is conventional home financing. Wherein, the share base home financing is offered by Islamic banks to fulfil the needs of home buyers (Hamid & Masood, 2011).

It has been demonstrated by McMillen, (2012) that in comparison to traditional home financing, the monthly rent of the purchase home is received by bank on the portion of funds supplied to purchase the home and it disappears as the bank is paid by home buyers. Based on the concept of Islamic home financing, the distribution of risk takes place along with the profit.

An argument has been made by Ramli et al. (2013) that interest on mortgage loan is being charged by conventional banks which is not allowed in Islamic. In contrast, the partnership contracts are offered by Islamic bank. It has been stated by (Meera, (2012) that said that Diminishing Musharkaand Al-Ijerah and al-Bay' Bithaman Ajil (BBA) are most common products of home financing. For home financing, the most common product is Diminishing Musharka. The major aim of this paper is to carry out a comparative analysis of Islamic and conventional products offered to customers for home financing.

Random sample method is taken into consideration to choose banks from the division of Hazara, three traditional banks (Muslim commercial Bank, Habib Limited Bank and Allied Bank Limited) and three Islamic banks (Askari Bank, Bank Islami and Meezan bank). In order to find out the difference between home financing products of Islamic banks and the lending of conventional banks, this comparative research has been carried out in detail. The data collected has been analysed through standard deviation, median and mean.