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DEPOSIT POLICY OF COMMERCIAL BANKS AND IMPROVING ITS EFFICIENCY

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Commercial banks play a key role in bringing idle (dead) money funds in the economy into circulation. Efficient utilization of these funds and managing their placement is one of the most pressing issues today. In the context of increasing liberalization of the economy in our country, the growing demand for financial resources among commercial banks is leading to a heightened need for cheap and long-term funds. The formation of these funds and their effective management remain among the important tasks.

The redistribution of temporarily idle funds among banks and the attraction of additional resources from the financial market are contributing positively to the intensification of free competition [1].

Based on the experience of foreign banks, the main resource base of commercial banks consists of their deposit resources. In the structure of commercial bank deposits, demand deposits are considered cheap, but unstable in terms of maturity. On the other hand, time and savings deposits attracted by banks are stable in terms of maturity but are considered more expensive funds. Table 1 below presents an analysis of the composition and dynamics of deposit resource sources by maturity for commercial banks operating in the Republic of Uzbekistan.

Table 1 Outstanding deposit funds of commercial banks as of January 1, 2019–2023 (billion UZS) [2]

Date	Total	On Demand	1 to 30 Days	30 to 180 Days	180 to 365 Days	Over 1 Year
01.01.2019	70,001	29,912	3,711	8,785	8,422	19,171
01.01.2020	91,009	35,189	3,133	11,654	11,523	29,511
01.01.2021	114,747	49,153	6,081	14,207	13,749	31,556
01.01.2022	156,190	66,129	5,291	18,780	20,826	45,164
01.01.2023	216,738	92,553	4,463	25,587	26,855	67,280

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The main portion (40–45%) of the deposit funds held by commercial banks operating in our country consists of demand deposits. In 2019, demand deposits accounted for 42.7% of total deposits, totaling 29 trillion UZS. The following shares were observed: 5.3% for deposits from 1 to 30 days, 12.5% for deposits from 30 to 180 days, 12% for deposits from 180 to 365 days, and 27.4% for deposits with a maturity of over 1 year.

In 2020, compared to 2019, the volume of deposits increased by 30%, or 21 trillion UZS. The total amount of deposits in 2020 reached 91 trillion UZS, of which 38.7% (35.2 trillion UZS) consisted of demand deposits. The distribution was as follows: 3.4% for deposits from 1 to 30 days, 12.8% for deposits from 30 to 180 days, 12% for deposits from 180 to 365 days, and 32.4% for deposits with a maturity of over 1 year.

In 2021, the deposit structure increased by 26% compared to the previous year, reaching 114.7 trillion UZS. In 2021, demand deposits made up 42.8% (49.1 trillion UZS), and deposits with a maturity of more than 1 year accounted for 27.5% (31.5 trillion UZS). Additionally, 5.3% were deposits from 1 to 30 days, 12.4% from 30 to 180 days, and 12% from 180 to 365 days.

According to the experience of banks in the conditions of market relations and international banking practice, banks must have cash resources in correspondent accounts in order to fulfill their obligations within the established deadlines and without interruption. It is desirable that this indicator be 40 percent of total transaction deposits. Of course, it will not be possible to fully ensure the solvency of commercial banks through this standard established for correspondent accounts. However, in the absence of changes in the world economy, force majeure, economic crises and wars, this requirement has a positive effect on the formation of the resource base of banks [3]. Thus, if commercial banks have funds in correspondent accounts in the amount of at least 40 percent of transaction funds, this indicator indicates that they have the ability to ensure liquidity.

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Table 2 Deposits attracted in commercial banks of our country and their growth rate (billion soums) [2]

Year	Deposit Volume	Net Growth Rate (%)
2019	29,912	0.0
2020	35,189	17.6
2021	49,153	39.7
2022	66,129	34.5
2023	92,553	40.0

In international banking practice, banks have a relatively low share of demand deposits and a high share of term deposits. This situation is also observed in our country, and over the years, demand deposits have been growing at a faster pace than other types of deposits. In 2019, the volume of deposits attracted by commercial banks increased by 17.6% compared to 2020, reaching 35.2 trillion soums. In 2021, this indicator increased by 39.7%, reaching 49.1 trillion soums. In 2022, it increased by 35.7% compared to 2021, or by a net 17 trillion soums. By the beginning of 2023, the largest change of 40% was observed, and the net increase was 26.4 trillion soums [4]. The high share of demand deposits in the resource base of commercial banks indicates a weak resource base and the existence of conflicting situations in the effective management of resources. In particular, these include a shortage of funds in correspondent accounts, incomplete satisfaction of customers' demand for cash, and existing problems in meeting the need for resources necessary to finance productive projects.

The deposit policy of commercial banks plays an important role in ensuring financial stability. Attracting and effectively managing deposits expands the bank's resource base. A high share of demand deposits reduces the stability of funds. Therefore, a strategy for attracting long-term and stable deposits is important. It is necessary to increase customer confidence through competitive interest rates and modern services. Diversification of the deposit portfolio reduces risks. The widespread introduction of digital technologies makes deposit policy more effective. Increasing financial literacy also increases the number of customers. Healthy competition between banks increases the quality of service. In general, the right deposit policy contributes to the stability and efficiency of banking activities.

List of used literature:

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