
Deposit Policy of Commercial Banks in the Modern Economy: Problems, Tools, Prospects

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Annotation: This article analyzes the current state of the deposit policy pursued by commercial banks in our country. In the course of the analysis, the features of the systemic development of factors influencing the process of implementing the deposit policy were studied. And also the conditions and opportunities associated with the use of information systems and other areas of international best practice to improve the deposit policy of commercial banks were assessed. On the basis of generalized conclusions on the organization of a system for the targeted use of tools for the development of the deposit policy of commercial banks, scientific proposals and practical recommendations were formulated to increase the level of capitalization and the deposit base of commercial banks, in the direction of the strategy and tactics of implementing the deposit activities of commercial banks to strengthen their financial stability and reliability.

Keywords: Macroeconomic stability, accounts payable, deposit portfolio, deposit policy, deposit operations, capitalization level, deposit base, state assets, investment resources, refinancing rate.

Introduction

In the world practice there is a lot of research work on the development of bank deposit policy. In particular, the provision of innovative deposit services through banking units operating in the Smart-banking system, ensuring the coherence and coherence of deposit policy with strategic programs for the development of the banking system, improving the methodology of deposit policy development and its implementation tools

The problems associated with it have been studied in depth. The current research ignores the issues of forward-looking approach as part of the strategy for the development of banking activities in the formation of deposit policy, as well as in determining the final, intermediate and operational goals of deposit policy. causes the need for activation.

The total amount of money invested or accumulated in the United States is limited to a particular district or region, so commercial banks resort to a management strategy called liability management.

In a broad sense, this strategy involves meeting the needs of customers for high-quality loans and obtaining funds from banks from other financial institutions to meet reserve requirements. In the narrow sense, liability management is one of the ways to manage a bank's liquidity.

U.S. banks raise funds to achieve these goals in the following ways:

- borrowing from the domestic market of federal funds and the Euro currency market;
- sale of short-term capital market certificates of deposit to customers;
- loans from the regional Federal Reserve Bank;
- Concluding agreements with individuals and legal entities to repurchase surplus funds for a certain period of time;
- issuance of promissory notes through a branch of the holding company.

The federal stock market is the local source of credit for U.S. banks. These funds are deposits in federal reserve banks. Commercial banks may generate surpluses that do not generate income as a result of unexpected deposit flows or a decrease in lending. Therefore, some banks that own them will quickly transfer the required amount of reserves to other banks that need funds to recover or invest them in assets[6].

As far as we know, in 1991, the United States adopted the Federal Law "On Improving the Activities of the Federal Deposit Insurance Corporation." Under the law, the Federal Deposit Insurance Corporation will receive \$ 30 billion from the Ministry of Finance over a 15-year period. dollars in loans.

The Federal Deposit Insurance Corporation has also been granted a loan from the Ministry of Finance in the amount of up to \$ 45 billion to replenish working capital from the proceeds from the sale of bankrupt bank assets[1].

The advent of the deposit insurance system has helped protect the deposits and transaction accounts of small investors, as well as stabilize the banking system. It is fair to provide guarantees for the return of deposits to small investors (individuals and legal entities). This is because the cost of information on the solvency of credit institutions is much higher for small investors than for large ones. Due to the lack of information of small investors, they sometimes tend to return their deposits quickly, regardless of their financial situation.

Literature review

The above comments are also based on the methodology developed by L. von Bertalanfi, S. Bir, J. van Gig, R. Akoff, S. Optner and other well-known representatives of the field of structural research [2]. we will try to identify the constituent elements of the policy. In our opinion, these components are:

- 1) Goal setting. First of all, it is necessary to determine why it is necessary to develop and implement a deposit policy within the framework of the banking development strategy. The focus should be on setting goals for improving or optimizing deposit policy.
- 2) Identify the problems that hinder the achievement of the goal and the factors that caused them. Most of the factors that shape the desired problem occur in the external environment of banking activities. Some of the problems under the influence of external environmental factors are reflected in the internal environment of the bank in one form or another. Therefore, in determining and assessing the factors that cause the problem, it is advisable to apply not only the principle of "cause and effect", but also the principle of "manufacturing product" proposed by the famous American scientist E.A. Singer.
- 3) Identify the means and mechanisms to achieve the goal. Almost all the problems that arise in the process of developing, implementing and improving the deposit policy are fundamental, ie theoretical and methodological. An in-depth study of the theoretical and methodological foundations of deposit policy is a priority in the selection of appropriate

tools and mechanisms.

- 4) Develop a goal achievement program. The program is essentially a set of measures to implement the deposit policy and a "road map" for their implementation.
- 5) Development of types and procedures of operations carried out under the Deposit Policy Implementation Program. The main focus should be on compliance with legislation, regulations, as well as quality management in accordance with the requirements of ISO 9000: 2015.
- 6) Development of a system of monitoring and control over the implementation of operations and procedures. If the monitoring and control functions are concentrated at the disposal of separate bodies of the bank, it is not necessary to develop a special internal banking document for the implementation of these functions.

Research methodology

This article analyzes the current state of implementation of deposit policy by commercial banks and identifies factors influencing the stability of the bank's resource base. The methods of scientific abstraction, expert evaluation, induction and deduction, comparison, systematic analysis were used in the analysis process.

Analysis and results

According to the National Bank of the Republic of Uzbekistan, by the end of 2021, there were 28 commercial banks and 7 organizations engaged in certain types of banking operations in the country.

Table 1.

Indicators	01.01.2017year	01.01.2018year	01.01.2019year	01.01.2020year	01.01.2021year
Concentration balance	18239255	23784427	25561157	24220516	25240959
US dollar / Sum exchange rate at the end of the year	182,35	339,47	333,29	332,33	384,20
Aggregate balance expressed in US dollars	100023	70063	76693	72881	65697
Credit and leasing for customers	10360923	13764673	13662143	11034734	11632369
Share of credit operations, %	56,8	57,9	53,4	45,5	46,1
Obligations to customers	11430551	15829587	17471404	16779346	17164724
Term funds	272278	432201	261517	145665	140654

Total deposits	11702829	16261788	17732921	16925011	17305378
Deposit weight,%	64,2	68,4	69,4	69,9	68,6
Ratio between deposits and loans,%	112,9	118,1	129,8	153,4	148,8
Total bank capital	2 359682	2 494486	2 844859	3 091036	3 017554
Balance of bank capital,%	12,9	10,8	11,2	12,7	11,9
Issued securities	1 215103	2 100933	1 778127	1 321077	1 665143

Dynamics of the consolidated balance sheet of commercial banks of the Republic of Uzbekistan

According to the table, at the end of 2018, the total balance of the banking sector of the Republic of Uzbekistan amounted to 25,240,959 million sum, or 65,697 million US dollars at the exchange rate of the sum at the end of the year. The consolidated balance sheet of banks increased by 7,001,704 million sum or 138.4% compared to 2020. However, the balance of payments in US dollars did not decrease by \$ 34,326 million compared to 2018.

During the analysis period, the volume of deposits of individuals and legal entities in national and foreign currencies showed an increasing trend. In particular, the volume of deposits attracted to the banking sector in 2019 amounted to 11,702,829 million sum, while at the end of 2018 the balance of deposit accounts amounted to 17,305,378 million sum. Accordingly, the share of deposits in the consolidated balance sheet increased from 64.2% in 2017 to 68.6% in 2021.

The volume of foreign currency deposits in the deposit portfolio of commercial banks tended to increase. In particular, at the end of 2018, the share of corporate deposits in US dollars amounted to 49.3%, an increase of 5.5 percentage points compared to 2017.

The opposite situation was observed with deposits of individuals: in 2017, the share of deposits in US dollars in total deposits was 52.2%, while in 2018 it was 47.4% or 4.8% percentage decreased by a point. In 2019, the average weighted interest rates on time deposits of legal entities in the national currency will be 7.1% (8.0% in 2017) and on time deposits of individuals will be 10.4% (11.7% in 2017). reached

The increase in deposits in the banking system has allowed commercial banks to strengthen their resource base with relatively cheap and long-term financing. At the end of 2020, interest rates on loans to legal entities increased by 11.7% (in 2018, the average weighted interest rate was 12.4%, a decrease of 1.2 percentage points compared to 2017), loans to individuals.

The interest rate was 17.2 percent (the average weighted interest rate in 2018 was 18.5 percent, in 2019 - 18.8 percent, a decrease of 0.3 percentage points). At the same time, the ratio between deposits and loans, which is one of the indicators of financial stability of a number of banks, was at the level of demand. In particular, this figure was 112.9% in 2014, 153.4% in 2017 and 148.8% in 2018.

The share of private capital in the consolidated balance sheet of commercial banks was in line with the standards set by the International Basel Committee on Banking Supervision; At the

end of 2018, it was 11.9 percent.

It should be noted that in our opinion, the National Bank of the Republic of Uzbekistan is making unexpected decisions to attract temporarily vacant funds of the population through commercial banks and other organizations. In particular, in May 2017, the sale of gold bars to the public was launched.

From November 2020, not only commercial banks, but also organizations authorized to work with foreign currency in cash began to trade in gold. At the end of 2018, there were 5 types of gold bars on sale: 5,10,20,50 and 100 grams. According to the National Bank, in 2018, 3,962 gold bars weighing 151 kilograms per capita will cost 3 billion sum. According to the results of the analysis, the following main trends in the field of deposit operations in the banking sector of the Republic of Uzbekistan can be noted:

first, the fact that almost half of the attracted deposits are in US dollars has led to an increase in the level of dollarization in the banking sector deposit portfolio. This is mainly due to macroeconomic factors (depreciation of the national currency, inflationary expectations of the population and businesses, the impact of the Berliner effect (noted by the American scientist Joseph S. Berliner), etc.).

However, it can pose serious risks to the banking system. In addition, the increase in the dollarization rate of deposits reduces the efficiency of the interest rate channel of the monetary-credit policy transmission mechanism implemented by central banks, while reducing the amount of money supply denominated in the national currency.

The increase in the level of dollarization of these deposits is reflected in the weakening of the impact of the central bank's refinancing rate (discount rate) on interest rates on deposits and loans;

secondly, the decline in inflation in Uzbekistan from 2017 (4.59% in 2014, 7.54% in 2015, 14.32% in 2016, 7.76% in 2017 and 7.01% in 2018), as well as Reduction of the National Bank base rate introduced in 2015 (refinancing rate at the end of 2014 by 12%, base rate at the end of 2015 by 16%, in 2016 by 12%, in 2017 by 10.25%, in 2018 by 9.25%).

Attractive deposits in the national currency did not lead to an increase in the rate. The lack of stability in the national exchange rate, as well as the high level of fluctuations in the global economy (in particular, the rate of return of the National Bank's strategic portfolio -0.37% due to the increase in the base rate in 2018 by the FZT) remains a factor in increasing attention.

In this case, it is necessary to take effective systemic measures to strengthen confidence in central banks, increase the efficiency of the interest rate channel of the monetary policy transmission mechanism, ensure the stability of the national currency, and develop the financial market.

Conclusion

In 2021, investments in fixed assets relative to GDP amounted to 37.1%, an increase of 6.5 percentage points compared to 2020. This figure was 23.9% in 2019 and 30.6% in 2020. The high growth rates of foreign direct investment and loans were the main factors in achieving high growth rates of investments in fixed capital. They increased by 3.9 times compared to 2018, accounting for 31.0% of total investments in fixed assets, of which 19.6% (or 3.6 times increase) of foreign direct investment.

The article assesses the volume of investments in the Uzbek economy and its impact on the country's GDP. In addition, the factors influencing the formation of a favorable investment

climate in the country were analyzed. We consider the impact of investment on economic development (GDP growth) on the basis of correlation-regression analysis.

It is important to follow the indicators that characterize the stability of the deposit base of commercial banks in the development and implementation of the deposit strategy of commercial banks.

In order to attract free funds of commercial banks of the Republic of Uzbekistan to deposit operations and further strengthen the resource base of banks, it is advisable to take the following measures:

- In order to eliminate disparities in the bank's deposit policy due to the priority of time deposits, as well as to increase the share of customers in the resource base by attracting free funds to bank plastic cards, it is necessary to abandon the practice of giving priority to deposits , as well as the introduction of a mechanism to maintain a balance between them and the creation of a system of "internal financial turnover" in the implementation of settlements by plastic cards.
- Significantly increase the amount of deposits attracted from legal entities and individuals;
- to take measures to gradually ensure the participation of foreign investors in the charter capital of all commercial banks established in the form of joint-stock companies;
- Attracting free funds of the population and businesses to long-term deposits and the development of innovative deposit programs;

Analysis of the deposit portfolio of commercial banks in the CIS countries shows an increase in the level of "dollarization" of deposits and the lack of stability in the exchange rate of the national currency against major foreign currencies, as well as foreign currencies in the choice of deposit currency by individuals and businesses;

The increase in the dollarization rate of deposits reduces the efficiency of the interest rate channel of the monetary policy transmission mechanism pursued by the Central Bank, while reducing the amount of money supply denominated in the national currency. This negative situation is reflected in the weakening of the impact of the Central Bank's refinancing rate on interest rates on deposits and loans;

As a result of research conducted to improve the deposit policy of commercial banks, a number of problems in the field were identified and a set of scientific proposals and practical recommendations to address them was developed.

In particular, the lack of a link between the deposit policy and the tasks set in the banking development strategy, the lack of integrated services in the implementation of deposit policy in the internal regulations of the bank, shortcomings in the introduction of innovative types of deposits in the banking era. Problems such as under-utilization of securities issuance opportunities in strengthening the deposit base of banks have a negative impact on the effectiveness of deposit policy pursued by banks.

In addition to the proposals to address these issues, a new structure of deposit policy and a mechanism for its implementation have been developed. In addition, a system of indicators has been proposed to assess the effectiveness of deposit policy in order to ensure the stability of funds held in deposit accounts.

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