

THE ROLE OF DEPOSIT POLICY IN EXPANDING THE BANK'S DEPOSIT BASE

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Abstract

Annotation. In the article, the main directions of the deposit policy of commercial banks, as well as the processes and principles of its formation, are studied in detail from a theoretical and practical point of view. Also, proposals were made to increase the role of deposit policy in expanding the deposit base of commercial banks.

Keywords: Commercial bank, deposit, deposit policy, population savings, bank resources, attracted funds.

Introduction

As a result of the reforms implemented in our country, the banking system of our republic has been achieving a number of achievements. We can recognize this situation by the high attention paid to the banking system in the decisions and decrees adopted by our government. For example, in the Decree of the President of the Republic of Uzbekistan "On the Strategy of Actions for the Further Development of the Republic of Uzbekistan", special attention is paid to "...fundamental reform of the financial and banking sector...", in which, in the process of implementing the priority directions of the development of our republic, the development of the economy increases the financial stability of banks and they increase the possibility of ensuring continuity of distribution, exchange and consumption processes on the basis of financial support.

It is known to perform the function of financial intermediation in banks the share of own funds in the passive part of the balance sheet is a much lower indicator compared to other organizations. This, in turn, indicates that the main part of the bank's assets was formed at the expense of the funds attracted from the bank's clients and resource funds received from the creditors.

A significant increase in credit deposits above the established norms, a significant change in the ratio between the composition of assets and liabilities, indicates an increase in the risk level of bank liabilities, including funds borrowed from bank customers, and, most importantly, it is explained by the fact that banking activity is highly dependent on the funds of depositors and creditors, their trust.

In this context, the deposit policy of commercial banks today special importance is attached to the issues of increasing efficiency and ensuring financial stability. Ensuring the effectiveness of the deposit policy of commercial banks directly provides an opportunity to form their financially stable resource base. Therefore, the deposit policy of commercial banks

is one of their main tasks, and the amount of income of banks formed as a result of asset transactions is directly related to the effectiveness of this policy. This makes it necessary to constantly improve the deposit policy of banks.

2. Literature Review

Before we analyze the importance of deposit policy in expanding the bank's deposit base, we think it is appropriate to study the economic nature of deposit policy. "Deposit" is derived from the Latin word "depositum" and means "a deposit". The word "politics" is derived from the Greek word "politike", which means "to manage", "to lead" (Madvaliev, 2006-2008).

Also, the word "deposit" means 1) cash deposits in banks (bank deposits); 2) securities and funds given to the credit organization for safekeeping; 3) depositing funds to various organizations as payment for ensuring the required payment; 4) also means records containing or confirming the customer's requirements to the bank (Rayzberg et al., 2007). So, from the economic essence of "deposit policy", it is clear that it means to "manage" a "stored item" or "deposit".

We believe that it is appropriate to consider the opinions of a number of scientists about this concept during the study of scientific literature in the field of deposit policy of commercial banks. According to Belotelova (2016), the bank's deposit policy is an important component in attracting temporarily free funds of a commercial bank to various deposit bank accounts. must originate.

In fact, based on the strategy developed by the bank, attracting resources based on the balance of the bank's asset and liability operations will lead to the bank having a stable source of resources in the future.

In turn, this creates the basis for the timely and complete fulfillment of the bank's obligations to its customers. This situation is perfectly developed deposit policy by the bank is done through.

Also, according to economists Lavrushin (2011) and Panova (1997), bank deposit policy is a bank's policy to attract customer deposits and manage them effectively. According to Beloglazova (2014), bank deposit policy is the process of attracting temporary free funds to various types of deposits available in commercial banks.

It should be noted that the bank's well-thought-out and perfectly developed deposit policy is the main support for the increase of stable resources of commercial banks and, in turn, the expansion of the bank's deposit base. According to Omonov (2018), if the word "deposit policy" is considered separately, this word does not mean the management of term financial resources of commercial banks.

The word "deposit policy" is, of course, "deposit of commercial banks only if it is applied in the style of "policy", it is funds raised in commercial banks means appropriate measures within the framework. In fact, the deposit policy is considered to be the main part of the general banking policy and determines the strategy and tactics of credit organizations for deposit activities.

In our opinion, the deposit policy of commercial banks is a bank policy that incorporates measures aimed at attracting free funds of individuals and legal entities and then placing these funds on a mutually beneficial basis.

3. Research Methodology

A systematic analysis of the literature was carried out in researching the scientific and theoretical foundations of bank deposit policy formation. Also, the scientific conclusions of the scientific research works carried out by foreign and local scientists in this direction were studied and independent approaches were formed.

4. Analysis and Discussion of Results

Deposit based on the study and analysis of the current situation of banks implementation of operations creates the need to form a deposit policy of a commercial bank. Formation of bank deposit policy includes a number of processes. Including:

- proper appointment and powers of bank employees distribution;
- clear definition of goals and tasks;
- organization of control and management during deposit operations;
- development of necessary procedures for attracting funds.

Each process in the formation of the bank's deposit policy is related to each other closely related and necessary for the development of a perfect deposit policy and effective organization of bank deposit operations. In this regard, we can cite the following as the main directions of the deposit policy of commercial banks:

- identification of target markets to reduce deposit risk;
- constant analysis of the deposit market;
- ensuring bank liquidity and increasing its stability;
- optimization of deposit and loan portfolio management;
- reducing costs in the process of attracting funds.

Also, each commercial bank has its own effective and perfect deposit The main goal of policy development and implementation is to minimize bank expenses and increase the bank's resource base while maintaining the necessary level of liquidity, taking into account all risks.

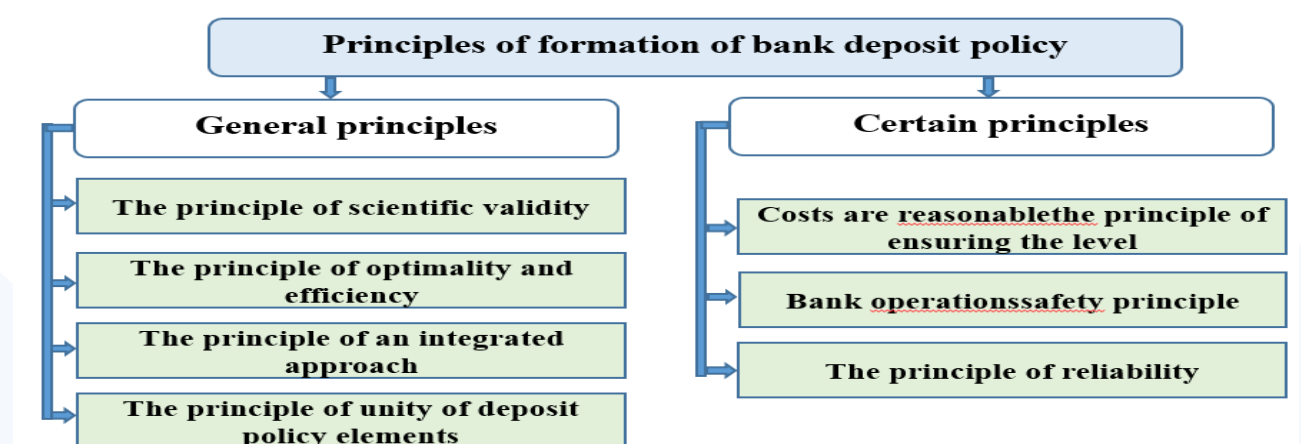


Figure 1. Principles of formation of bank deposit policy.

From this point of view, we consider it appropriate to study the formation of bank deposit policy based on general and specific principles (Figure 1).

The general principles of bank deposit policy mean macroeconomic concepts common to both the monetary policy of the central bank and the policy of each commercial bank are understood.

These include the principles of an integrated approach, scientific validity, acceptability and efficiency, as well as the unity of all elements of the bank's deposit policy. The integrated approach is manifested in the development of the theoretical foundations and priorities of the bank's deposit policy, as well as in the determination of the most effective tactical methods of its development.

The specific principles of the bank's deposit policy are specific to the bank includes the principles of security and reliability of deposit operations, ensuring an acceptable level of expenses. In accordance with the above principles, the bank allows forming both strategic and tactical directions in the organization of deposit operations, thereby ensuring the effectiveness and optimization of the deposit policy.

Attracting deposits to the bank as the main task of the bank's deposit policy there is a question of doing and managing them effectively. From this point of view, we believe that it is appropriate to analyze the current situation and dynamics of deposit funds attracted by commercial banks of our country and draw appropriate conclusions.

Deposit funds of commercial banks of our republic
Information on (billion soums) (Source: www.cbu.uz, 2023) Table 1

Indicators	Total deposits	Legal entities		Individuals	
		Total	In percent	Total	In percent
01.01.2019	70001	55297	78,99	14704	21,01
01.01.2020	91009	69957	76,87	21052	23,13
01.01.2021	114747	87343	76,11	27404	23,89
01.01.2022	156190	118884	76,11	37306	23,89
01.01.2023	216738	153614	70,87	63124	29,13

If we pay attention, we can see from the data of Table 1 that the volume of deposits attracted by commercial banks operating in our Republic has a tendency to increase over the years.

In particular, in 2019, commercial banks provided 70,001 bln. deposits in the amount of sums were attracted, and this indicator has increased by 3 times as of January 1, 2023, and 216,738 bln. amounted to sum. This situation can be explained by the fact that commercial banks pay special attention to the issues of deposit attraction and their effective management.

This situation is also evidenced by the increase in the amount of deposits of citizens and legal entities in banks.

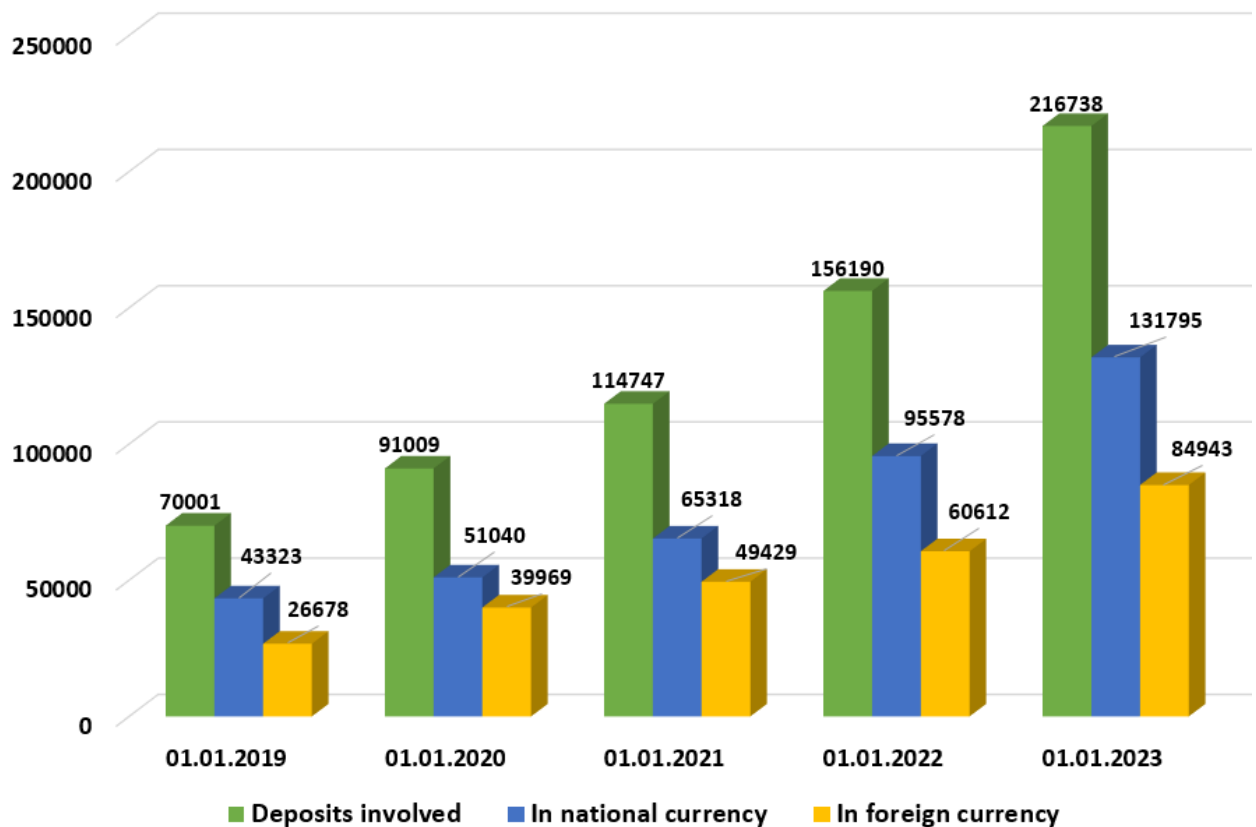
At the same time, it is an important task of banks to attract temporarily free funds and use them wisely. This, in turn, requires the formation, effective management and improvement of the quality of these funds in addition to satisfying the banks' need for stable resource funds.

Today, the introduction of attractive types of deposits using the factors that increase and strengthen the trust of the population in the banking system and, first of all, ensure the safety

and integrity of the population's deposits, and the use of modern information technology opportunities in business is the demand of the times.

Figure 2. Dynamics of population deposits (billion soums) (Source: www.cbu.uz, 2023)

Indicators	01.01.2019	01.01.2020	01.01.2021	01.01.2022	01.01.2023
Deposits involved	70001	91009	114747	156190	216738
In national currency	43323	51040	65318	95578	131795
In foreign currency	26678	39969	49429	60612	84943



As can be seen from the data of Figure 2, the population in commercial banks The amount of deposits has been increasing over the years. Population deposits the share of national and foreign currency deposits in the structure, respectively has an upward trend, and in 2019, population deposits in national currency amounted to 43,323 billion. amounted to 131,795 billion soums as of January 1, 2023. amounted to sum.

Also, the savings of the population in foreign currency are 26,678 billion, respectively. 58,265 billion soums. increased to 84,943 billion soums. made up sum.

The growth of population deposits in commercial banks over the years can be explained by several factors. Including:

1. The level of financial literacy of the population of our republic.

Stable and proportionate development of the economy and increase in the level and well-being of the population is an economic event and conscious attitude to processes, economic thinking and depends on the development of skills.

Because the higher the economic activity and financial literacy of the population, the more effective their economic activities and decisions in various aspects of life will be. In particular, financial literacy leads to the development of the business environment in the country, which leads to an improvement in the standard of living of the population.

As a result of this, the ground is created for the excess free funds of the population to enter bank deposits.

2. Confidence of the population in the banking system.

The large-scale reforms carried out in our republic and the effective functioning of commercial banks of our country serve to increase the confidence of the population in the banking system year by year. Also, as a result of timely and complete fulfillment of obligations by commercial banks, the number and trust of customers is increasing.

3. Deposit policy developed by commercial banks.

In the development of deposit policy by commercial banks and its implementation, special attention is being paid to factors such as interaction with deposit markets, location, adequacy of branches, ability to withstand possible competition, socio-economic status of the region, and effective funding.

4. Wide range of attractive and seasonal types of deposits.

The growing incomes of the population, the state giving incentives for bank deposits, and the fact that commercial banks offer new attractive and seasonal types of deposits based on the wishes and wishes of the population ensure the further increase in the amount of population deposits in banks.

5. Conclusions and Suggestions

In the process of managing deposits by banks in the deposit market based on the current situation and the deposit market It is possible that the main goals and objectives of the deposit policy developed and implemented by banks to ensure the financial stability of the bank are expressed in the following:

- ensuring the financial stability of the bank;
- attraction of resources at reasonable terms, conditions and prices;
- the stability of the bank through effective management of bank assets and liabilities strengthening the resource base;
- achieving an increase in the bank's income and stability by servicing deposits;
- to offer the population new, attractive and mutually beneficial types of deposits to stimulate the population's activity in the process of saving and investing.

In our opinion, in order to expand the deposit base of commercial banks, it is necessary to consider the following when developing an effective deposit policy:

- taking into account the factors that affect the price of the deposit and determining the optimal interest rate based on certain principles;
- continuous improvement of bank deposit policy on the basis of marketing activities of commercial banks;
- constantly studying and analyzing the deposit market;
- introduction of the resulting templates of conversations between bank specialists and depositors;
- making the process of accepting deposits highly convenient for clients;
- according to the quality and results of employees' work, effective methods such as moral and material incentives should be used.

It is worth saying that commercial banks should take into account factors such as economic norms established by the Central Bank and rates of mandatory reserves, refinancing rate and changes in tax legislation, attraction of funds from the financial market and the current state and trends of their placement in the implementation of their deposit policy. is considered appropriate.

We think that taking into account the above proposals in the development of the deposit policy by commercial banks will provide ample opportunities for the expansion of the bank's deposit base and stable operation of the bank in the future.

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