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Shamshinur Shuxratovna Yakubova
Karshi engineering - economic institute
Head of the Department of
Accounting and Auditing,
PhD in Economic Sciences

DEPOSIT POLICY OF COMMERCIAL BANKS AND WAYS OF ITS EFFECTIVE FORMATION

Abstract: This article examines the deposit policy of commercial banks in the Republic of Uzbekistan and its specific features. Also, theoretical, scientific, and practical proposals and recommendations on strengthening the deposit base of commercial banks have been developed.

Key words: bank, deposit, deposit policy, deposit base, types of deposits, financial resources of the bank.

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Introduction

The role of fiscal policy in achieving its goals is growing in our country, given the openness of economic relations, increasing competition, limited domestic financial resources, and their short-term nature.

The Decree of the President of the Republic of Uzbekistan dated February 7, 2017 "On Strategy for further development of the Republic of Uzbekistan" DP-4947 emphasizes the issues of deepening and stabilizing the banking system, increasing the level of capitalization and deposit base of banks, strengthening their financial stability and reliability given in [1].

However, the existence of some problems in the deposit practice of commercial banks today affects the stability of the resource base of banks. This leads to a decrease in the efficiency of bank assets. The share of time deposits in the deposit operations of commercial

banks of the country is high. This, in turn, is explained by the high level of unstable resources in the structure of the bank's deposit base.

Therefore, the improvement of the deposit policy of commercial banks is one of their main tasks and the amount of income generated as a result of active operations of banks is directly related to the effectiveness of the deposit policy. In general, the bank's deposit policy is a key part of the overall banking policy and determines the strategy and tactics of deposit activities.

In studying the scientific literature in the field of deposit policy of commercial banks, we consider it appropriate to consider the views of several scholars on this concept.

In the economic literature, we can see that among foreign economists there are different approaches to the deposit policy of banks.

Table 1. Theoretical views on the deposit policy of commercial banks

№	The author's	The concept of theoretical perspective
1.	O.I.Lavrushin[2]	Deposit Policy - banking activities related to attracting funds from depositors and other creditors.
2.	A.V.Gribanov[3]	The deposit policy of a commercial bank is an integral part of the bank's policy, which is part of the process of transformation of funds attracted by the credit

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		institution into investment resources and interrelated complex strategic planning and effective resource base management to ensure a certain level of profitability and liquidity through continuous deposit financing. is a set of actions, methods, and tools.
3.	G.M.Baysembaeva[4]	Deposit policy is a set of measures to attract individuals and legal entities, as well as state budget funds in the form of deposits for future mutually beneficial use.
4.	G.S.Panova[5]	A deposit policy is a banking policy to attract customers' deposits and effectively manage them.
5.	G.N.Beloglazova[6]	Deposit policy is the process of attracting temporarily free funds to various deposits available in commercial banks.

Indeed, the deposit policy is a key part of the overall banking policy, which determines the strategy and tactics of credit institutions to carry out deposit activities.

Given these tariffs, in our opinion, the bank's deposit policy is up to the bank raising funds and the effective organization of management. Its organization includes the objectives of ensuring the liquidity of the bank and if necessary, the use of borrowed funds, and increase the level of profitability, reduce the level of risk [7]. To realize the investment potential of the national economy in the form of deposits, it is necessary to develop the most optimal ways to attract these funds to the banking sector [8]. The most important thing is to gain the trust of citizens in the banking and financial system, as well as in the national currency.

The deposit policy of the bank is based on the strategy and tactics of the commercial bank to attract customers, the return of funds. These include:

- development of a strategy for banking activities, attracting funds to comprehensively justified deposits, market research, financial analysis of the environment, determining the place and location of attracting funds, diagnostics, and forecasting of raising funds [9];

- formation and implementation of tactics and strategies of the bank to attract funds to deposits and the creation of new bank deposit products [10];

- monitoring the effectiveness of the activities of a commercial bank to attract deposits [11];

- deposit policy and control of its effectiveness [12].

Regarding the elements of the bank's deposit policy, it should be noted that the formation of the deposit policy is closely linked with the bank's interest rate policy, as the deposit rate is an effective tool for attracting resources. At the time of state regulation, the law set the maximum interest rate in the following cases.

The bank's deposit policy is necessary to maintain a balance that attracts deposits from individuals and legal entities to finance various banking operations and projects, but also to maintain the interest rate, ie the positive difference between the bank's interest income and its interest payments [13]. To achieve this goal, the bank must use an appropriate

strategy. Experience shows that an effective deposit policy strategy should be based on the following three basic principles.

The first principle is to follow the rule of cost-effectiveness or profitability - all efforts must ensure the final return. After all, if the deposit policy includes measures that are not practical from an economic point of view, it means that the bank will not be able to fulfill any interest obligations on deposits or perform other banking operations that need to "feed" itself [14].

The second principle is that bank deposits can be an effective factor. If the financial system only attracts and uses them on a competitive basis, if there is a financial monopoly in the system, that is if a single bank can set a single interest rate on deposits, it is more efficient than competition between banks and not only allows customers to choose encourages banks to rationalize their operations [15].

The third principle is that the components of the deposit policy should not contradict each other, i.e. all financial instruments of a certain type should be interrelated with a commercial bank, for example, interest on deposits is the same as interest on loans.

The specific principles of deposit policy are to ensure the optimal level of bank costs, security principles, deposit operations, and its reliability, banking secrecy and in practice, the accumulation of temporarily available funds for their implementation leads to income, not costs. It is important to take into account the realities of the market in which the deposit policy operates. Adherence to these principles allows the formation of the bank and provides both strategic and tactical directions in the organization of the deposit process, as well as the effectiveness and optimality of its deposit policy.

The main type of deposits attracted by commercial banks are deposits. They reveal the content of the activities of a commercial bank as an intermediary in the acquisition of resources in the free credit market. Deposits can be distinguished from the categories of depositors: legal entities (enterprises, organizations, etc.) individuals.

Demand deposits in most commercial banks account for the largest share of the accumulated funds. This is usually the cheapest source for organizing bank resources. A decrease depending on the account

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holder’s ability to withdraw cash at any time requires an increase in the share of highly liquid assets in the bank’s turnover by reducing the share of high-yield assets. However, commercial banks are more interested in expanding the use of time deposits, as this will increase the most stable part of their credit resources. Concerning current deposits of a short-term nature, time deposits are placed for a longer period and can be claimed by depositors after a specified period. Long-term placement of temporarily vacant

funds by a depositor means obtaining high-interest rates. The bank is also interested in such deposits, as it can place them in the form of long-term loans and increase interest income accordingly.

Over the years, the growing confidence in the banking system has led to an increase in deposits in commercial banks. This will help to solve the problem of lack of resources by banks and increase the profitability of the bank through the rational placement of borrowed funds.

Table 2. Structure of deposit funds of commercial banks of the Republic analytical information about (billion sums)

Years	Total deposits	Deposits of legal entities		Deposits of the population	
		total	%	total	%
2015	35600	28634	80,43	6966	19,57
2016	44600	36069	80,87	8531	19,13
2017	59579	47447	79,64	12132	20,36
2018	70001	55297	78,99	14704	21,01
2019	91009	69956,7	76,87	21052,3	23,13

From the data in this table, we can see that the volume of deposits attracted by operating commercial banks has been on an upward trend over the years. In particular, in 2015, commercial banks issued loans worth 35,600 billion sums. As of January 1, 2020, this deposit increased by almost 2,6 times and amounted to 91,009 billion sums. This situation can be explained

by the fact that commercial banks pay special attention to the issues of attracting deposits and their effective management. This is also evidenced by the increase in deposits of individuals and deposits of legal entities in banks. However, if we analyze the share of corporate deposits and household deposits in total deposits.

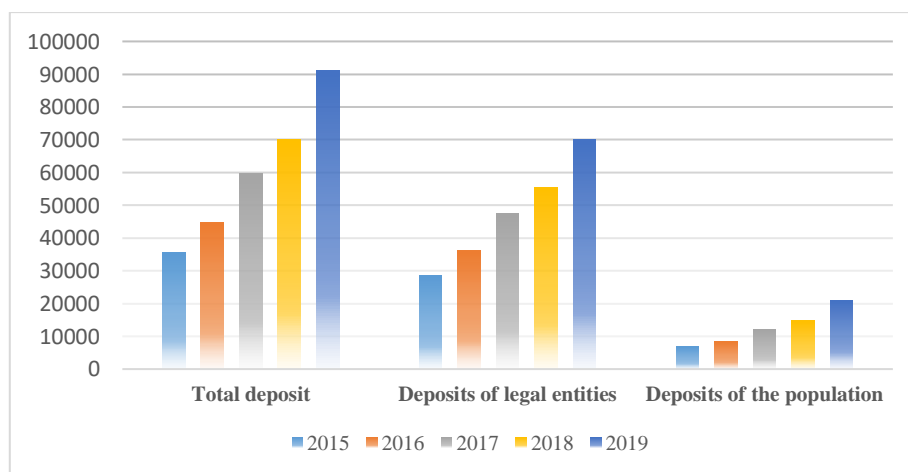


Figure 1. Information on the structure of deposit funds of commercial banks of the Republic of Uzbekistan (billion sums)

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Today, using the factors that increase and strengthen the confidence of the population in the banking system, first of all, ensuring the safety and security of deposits, the new "Online" it is necessary to organize the deposit service and expand the possibilities of remote management of funds in the deposit account. Also, The use of modern digital technologies in office work is a requirement of the times.

Carrying out deposit operations based on studying and analyzing the current state of banks makes it necessary to formulate a deposit policy of a commercial bank. Based on our observations and analysis, we can conclude that it is expedient to take the following measures in the effective organization and management of deposit policy of banks:

✓ organization of labor of bank employees on a scientific basis [16]. That is, if in commercial banks, appointments are made taking into account the outlook and ability of employees, and the proper distribution of powers, this will lead to the development of the bank. In the narrow sense, it is advisable if the bank uses the knowledge and skills of qualified personnel in the development of deposit policy.

✓ clear definition of the target road map. The Bank should set clear goals and objectives in the

development of any plans of strategic importance. Because if the goal is not clear, the efficiency of the labor you do will be zero.

✓ monitoring and analysis. The bank's deposit policy should highlight the organization of management by taking into account every detail of the attraction of deposits by commercial banks and the establishment of regular analysis and control over these cases.

✓ setting the operating mode. Every process in the formation of a bank deposit policy is closely interrelated, the development of a perfect deposit policy and bank deposit is necessary for the effective organization of operations.

Constant study of the theoretical aspects of the formation of deposit policy of commercial banks has a direct positive impact on the growth of their deposit operations, ensuring the liquidity and profitability of the bank. However certain criteria of banks' optimization in the development of deposit policy: interdependence of the bank's deposit, credit, and other operations, maintaining its stability, reliability, and financial stability; diversification of bank resources to minimize risk; segmentation of the deposit portfolio (by customers); a stratified approach to different groups of clients; should be managed by the competitiveness of banking products and services.

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