

Improving the Efficiency of Deposit Operations in Commercial Banks

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Abstract:

In this article, improving the efficiency of deposit operations is considered as the main task of ensuring the stability and competitiveness of commercial banks, the main problems that banks may face when improving the efficiency of deposit operations are studied.

Keywords: commercial banking, deposit operations, startup, deposit market, risks.

Introduction.

In international and domestic banking practice, commercial banks are strongly and naturally interested in their financial stability, not only commercial banks, but also central banks. However, the financial and economic crises that occur in international financial institutions every 5-10 years, in subsequent years, create a number of problems in the financial relations of banks all over the world. In particular, "before the global financial crisis in the world for a quarter of a century, 117 systematic and more than 50 serious financial problems in financial institutions were observed in 93 countries" [1]. These crisis situations entail special requirements at the national and international levels to ensure the financial stability of commercial banks and further strengthen their resource potential.

Scientific research is carried out by a number of financial institutions, such as central banks of developed countries, large commercial banks, the Basel Committee, the International Monetary Fund, aimed at improving the efficiency of deposit operations of commercial banks. This research paper reveals the issues of the formation of commercial banks at the expense of sources of financial resources, financial market instruments, stable sources of deposits. However, studies have not revealed enough problems such as attracting and increasing the size of term deposits in commercial banks, the weak level of "attractiveness" of interest payments paid to depositors, the fullness of banks' resources and the low share of deposits in relation to the country's GDP. In particular,

commercial banks retain the relevance of issues related to the full-fledged attraction of temporarily free funds in the hands of the population in banks to ensure the reliability of the deposit base, the principal amount of term deposits and full and timely repayment of interest accrued on them. All this requires commercial banks to conduct scientific research aimed at improving the efficiency of deposit operations.

Decree of the President of the Republic of Uzbekistan N, PF-158 dated 2023 of the President of the Republic of Uzbekistan, accelerating reforms of the banking system based on increasing the volume of the banking services market and developing competition in the industry, increasing the annual volume of lending in the banking and financial system to \$ 40 billion, increasing the volume of bank deposits to Includes.

Literature review.

Foreign economic scientists E.F.Zhukova and N.D.Eriashvili argue that the bulk of borrowed funds in many banks are deposits (depositors). In banking practice, the term "deposit" is, firstly, funds deposited by individuals and legal entities to the bank under certain conditions fixed in the Bank Deposit Agreement, and, secondly, records of deposit holders in the bank included in bank books confirming monetary claims [2].

N.M.Rozanova noted that "deposits or depositors make up a significant part of the bank's liabilities. Deposits are understood as funds of residents and firms that are transferred to a bank account under certain conditions and within a certain period" [3].

A. from well-known foreign economic scientists.I.Lavrushin and N.I.Valentseva - "in world banking practice, a deposit means money or an expensive valuation of money in paper form, money that is transferred to a bank and other financial organizations for safekeeping" [4].

In particular, the opinion of one of the international scientists V.L.In Kireeva: "a deposit is an amount that is transferred by the fund company to the bank for safekeeping and, according to its terms, is stored in a separate account" [5].

E., one of the outstanding economists abroad.F.In Zhukov's opinion: "a deposit is a monetary fund that is transferred by the client to the bank regardless of the shelf life and registration conditions" [6].

In his research, Sh.Saipnazarov focused on the conceptual foundations of the formation of interbank competition. In particular, in the banking services market, economic relations arising in the process of attracting resources, placing funds and performing all other types of banking services were named as the basis of interbank competition [7]. Therefore, a complete study of the theoretical and practical aspects of deposit operations of commercial banks, analysis and extraction of relevant conclusions from it are an important factor affecting the stability of banks.

Research methodology.

The article uses methods of conducting depository operations by commercial banks that affect banking services and products, statistical methods.

Analysis and discussion of the results.

Deposits of the population are important in the structure of banking resources. They can be and are issued in full or individually. The relationship between the depositor and the bank when transferring funds is confirmed by the issuance of a savings book. Banks accept various targeted deposits, urgent or on demand, as well as possible withdrawals on a fee basis.

According to the economic composition, deposits can be divided into three groups:

1. Term deposits;
2. Demand deposits;
3. Savings deposits;

Each of these groups is classified according to its own characteristics.

As a result of our dissertation research aimed at strengthening the deposit base of commercial banks in our country, the following problems were identified with the deposit operations of commercial banks in our Republic:

1. The fact that in our country there is a tendency to decrease deposit funds in the structure of obligations of commercial banks.

The results of the analysis conducted in the second chapter of our study show that the share of deposits in the liabilities of commercial banks in our republic tends to decrease sharply. During the analyzed period 2019-2023, it can be seen that the share of deposits in the structure of bank liabilities decreased from 53 percent to 37 percent. This situation is evidenced by the fact that commercial banks have not developed the practice of attracting deposits. Because international experience shows that the share of deposits in the structure of bank liabilities in industrialized countries of the world is 50-70 percent.

The analysis carried out in the second chapter of the research work shows that the weakening of the deposit base of commercial banks in our country is influenced by the following factors:

- excessive involvement of commercial banks in financing government programs;
- the fact that commercial banks use transactional deposits as a direct resource;
- the fact that the activities of commercial banks to increase the quantity and quality of financial services do not correspond to the level of demand.

The fact that deposits from commercial banks tend to decrease in the structure of liabilities leads to the following negative situations for banks:

- ✓ the volume of the bank's sustainable sources of financing is sharply decreasing;
- ✓ commercial banks are forced to use deposits as resources until they are in demand;
- ✓ liquidity problems in banks are increasing;
- ✓ the volume of bank income is decreasing;
- ✓ negatively affects the level of competitiveness of the bank in the resource market.
- ✓ the level of creation of new banking services and their offer to customers is decreasing.

Currently, the fact that our country does not fully use modern forms of lending in banking practice does not give the bank the opportunity to dramatically increase the share of credit investments in the country's GDP. As a result of the elimination of these problems, the demand for additional funds from commercial banks is increasing.

2. There is a high discrepancy between deposits and loans attracted from commercial banks in our country for a period of more than a year.

In the banking practice of our country, 90-95% of loans allocated by commercial banks to economic entities are long-term, that is, loans are issued for more than 1 year. Only 20-25% of the long-term loans attracted by our banks are deposits attracted for more than 1 year. According to the results of the last 2023, the total amount of loans allocated by commercial banks to economic entities is 167 trillion. The total volume of bank deposits during this period amounted to only 70 trillion. somov.

In the process of radical reform of the economy of our country, the need of economic entities for long-term funds is increasing. This, in turn, further increases the need for long-term and sustainable financial resources from commercial banks.

3. The fact is that the average interest paid by commercial banks on deposits of the population and business entities is lower than the inflation rate in the country.

While banks generate more than half of the credit resource through deposits, in state-owned banks this figure is only about 10 percent. In addition, more than half of the loan portfolio of state-owned banks corresponds to the contribution of 5 large state-owned enterprises. Since it still uses outdated software, the quality of banking services does not match the level of demand. In order to create a healthy competitive environment in the system, the participation of the state in the activities of banks is gradually decreasing" [9].

In addition, the fact that the capital market in our country is not well formed reduces the possibility of raising funds other than deposits for commercial banks. As a result, there are cases of small banks attracting resources at the expense of some expensive interest from banks with high resource potential. Although this has a positive effect on the liquidity of banks, commercial banks in our country do not increase the level of ensuring the reliability of the deposit base.

Conclusions and suggestions.

It is necessary to increase the balance of deposits in the structure of liabilities of commercial banks of the Republic. In order to ensure the deposit operations of commercial banks in our country:

- Until Uzbekistan is in demand in banking practice, it is necessary to strictly limit the use of deposits as resources;
- it is necessary to prevent the growth rate of long-term deposits of commercial banks from lagging behind the growth rate of credit investments;
- based on the fact that the real incomes of the population of our republic tend to grow, it is necessary to develop a marketing system for attracting free funds to attractive types of savings of commercial banks.
- Digital technologies and innovations: the growing popularity of mobile and online banking opens up wide opportunities to attract new depositors. The convenience of digital services helps to increase the volume of deposits.
- Individualization and improvement of customer service: Banks can use data and analysis to offer personalized savings and deposit management offers that can attract more customers and ensure that they retain existing ones.
- Optimized deposit rates and conditions: Offering competitive rates and flexible deposit terms can attract more funds from customers, especially in a growing competitive market.
- Investing in marketing and attracting new customers: developing a marketing strategy to attract new customers and promote deposit products can contribute to the growth of the deposit base.
- Risk and interest rate management: the use of modern methods of risk and interest rate management allows banks to effectively manage deposits, ensure stability and profitability.
- Environmentally and socially responsible investments: increased interest in sustainable and socially responsible investments opens up opportunities for the development of the deposit base by offering environmentally and socially oriented deposit products.
- It is known that the deposit base of commercial banks is in direct connection with their risky assets, which means that a violation of this connection, that is, an imbalance, leads to the emergence of transformation risk. Thus, by ensuring consistency between long-term loans and

term deposits of banks, it is possible to eliminate problems associated with the risk of transformation in banks.

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