

Ways of Improving Deposit Policy of Commercial Banks

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Abstract: In the article, the deposit policy of commercial banks is considered the main part of the general banking policy, and defines the strategy and tactics of commercial banks' deposit activities. The strengthening of the requirements for macroprudential control implemented within the framework of the monetary policy of the Central Bank of the Republic of Uzbekistan causes problems such as the lack of long-term liquid resources in the national currency and the need for banks to achieve appropriate liquidity indicators. Therefore, our government is implementing a number of reasonable policies to develop and improve the deposit policy and financial stability of commercial banks. In addition, it is possible to study the availability of factors affecting the stability of the deposit base of commercial banks, the level of adequacy of the deposit base of commercial banks, the instability of interest rates set for savings and time deposits, and the effect of interest rates on the level of profitability.

Key words: deposit, deposit types, bank deposit, deposit base adequacy, demand deposit, term deposit.

Enter. Today, scientific research aimed at improving the deposit policy of banks and the requirements for their norms are carried out by financial institutions such as the International Monetary Fund (IMF), the World Bank (WB) and the Central Banks of the developed countries of the world, large commercial banks, and the Basel Committee. In them, the sources of financial resources of banks, financial market instruments, optimization of economic norms, reduction of related risks are described in detail. In particular, the main task of commercial banks is to further increase the deposits of legal entities and individuals in national currency, as well as to attract additional resources to the banking system due to the entry of banks into the international capital markets. All this requires commercial banks to carry out scientific research aimed at improving the attraction of long-term funds. Today, it is difficult to imagine the level of development of the world economy without the activity of banks. Banks and their effective activities serve as one of the main reasons for the achievement of these indicators by many countries that have reached high levels of economic development so far. When we think about banks in general, bank deposits, which are their main source of resources, are one of the main factors in their effective operation. The deposit policy of banks is considered one of the important activities of commercial banks, and its effective use has a direct impact on the financial stability of banks. This, in turn, requires continuous analysis of the deposit portfolio of commercial banks and improvement of its quality. Deposit flows to commercial banks decrease in the pandemic conditions, and as a result, the level of liquidity of commercial banks has been negatively affected. As a result of online deposit services offered by commercial banks, idle funds of the population are attracted. Lowering the reserve ratio by the Central Bank would have led to the relief of obligations taken by commercial banks.

Material and method. In order to ensure the stable and reliable operation of commercial banks, it is important to develop a scientifically based banking policy, including the deposit policy, which is considered a component of this policy, and to apply it in practical activities. To a certain extent, this is explained by the formation of the main part of the bank's resources during the implementation of deposit operations. In addition, the level of efficiency of the organization of deposit operations is one of the main factors that ensure the financial stability and profitability of the activity of the credit organization. In accordance with international banking practice, studying the theoretical and practical importance of deposits of commercial banks, which is one of the important factors of ensuring the stability of the banking system, is one of the most important issues of the stability of banking activity.

It is known from the experience of banking practices of developed countries that deposits are the main part of the bank's liabilities, and their level of stability allows to ensure and strengthen the bank's profitability and liquidity. Deposit operations are considered passive banking operations and occupy the main place in the activity of banks. Because these operations are of great practical importance in the formation of bank resources and in determining the optimal composition of bank assets. Deposits of commercial banks, stability of the bank's deposit base is one of the most widely used concepts in the modern banking system. Economists have their own views on these concepts. In the Strategy of Actions for further development of the Republic of

Uzbekistan, further improvement of monetary policy using instruments used in advanced international experience, gradual introduction of modern market mechanisms in currency regulation, ensuring the stability of the national currency; determination of a number of measures related to deepening the reform of the banking system and ensuring its stability, increasing the capitalization level and deposit base of banks, strengthening their financial stability and reliability, further expanding lending to promising investment projects and small businesses and private entrepreneurs [1], as well as Uzbekistan In the —Development Strategy of New Uzbekistan for 2022-2026, approved by the Decree of the President of the Republic of January 28, 2022 No. PF-60, it is determined to complete the transformation processes in commercial banks with a state share and to bring the share of the private sector in bank assets to 60 percent by the end of 2026 [2]. According to E.F. Zhukov, one of the well-known foreign economists, "a deposit is money entrusted to the bank by the client, regardless of the terms of storage and formalization" [3]. On the other hand, M.M. Agarkov, one of the foreign economists, considers that "a deposit is a fund or a security entrusted to banks and other financial organizations by the population, enterprises and organizations for safekeeping" [4]. In addition, according to the researches of the foreign economist I.T. Balabanov, —deposit is the money given to the bank by the bank client for temporary use [5]. In the scientific article "Deposit policy of the Russian National Commercial Bank in the Republic of Crimea" by professor Ye.I. Vorobeva, "deposit policy is a complex set of measures to form a portfolio of deposits, various forms and methods of implementing these measures, competition in this segment of the market" determined the position and ensuring the stability and reliability of the resource base. Based on this conclusion, it can be said that the special features of the deposit policy are as follows: the deposit policy is a set of measures independently developed by each commercial bank based on goals, tasks, priorities, opportunities and development prospects; deposit policy provides for the formation of a targeted and integrated portfolio of deposits. This shows that deposits can be in different forms; the deposit policy is based on the fact that the implementation of deposit operations may be different in different forms and in each bank taken separately; implementation of the deposit policy among banks, other non-bank credit organizations, as well as other financial institutions for customers, primarily individuals; the need for the deposit policy to ultimately lead to the formation of a stable and reliable resource base of each commercial bank [6]. In her research, Sh.Z. Abdullayeva analyzes the relations related to the practice of deposit and interprets not money or securities given to a financial credit or banking institution, but bank deposits, as well as contributions made to pay customs fees, fees, taxes, etc., as deposits. [7]. A.A. Omonov emphasizes that special attention should be paid to the process of strategic planning in the management of bank resources, as well as the expediency of balancing the timing of attracting and deploying financial resources [8].

A.M. Rahimov emphasizes that it is an operation related to the attraction of funds to the bank for certain purposes and their storage, based on the contract concluded between the bank and the client, and notes that one of the important tasks of commercial banks is to sufficiently attract free funds in the economy and effectively deploy these funds [9].

Results. Foreign economists P.E. Pfeiffer, M.E. Haskens and R.M. Conrowler proposed to determine the level of customer profitability for the bank as the difference between the income received from the services provided to the customers during a certain period and the costs of providing the services. According to scientists, not all customers are profitable. Some of them are more profitable than others. Taking into account that the method of calculating the level of profitability of customers is of certain importance from the point of view of the tasks set before the scientific research work, we will dwell on this issue in more detail. It should be noted that a number of methods for determining the level of profitability of customers have been developed and are being used in the activities of banks. In particular, the assessment of the level of profitability (efficiency) of a customer taken separately by the method of Customer profitability analysis (CPA) is carried out in the following six stages: Stage 1. Change and analysis of net invested funds in relation to the client: the amount of resources provided by the client to the bank and the amount of credit resources allocated by the bank to this client is determined. On this basis, the net investment position is evaluated; Stage 2. Change and analysis of the flow of income received from the client: the flow of income received from the client and the income received from the placement of the client's temporary free funds by the bank are determined; Stage 3. Customer Service Cost Variation and Analysis: Determines the direct costs associated with serving a customer and the costs associated with providing resources to that customer. On this basis, direct costs related to customer service and their weight in total costs are evaluated; Step 4. Changes and analysis of indirect costs related to

customer service: indirect costs related to customer service are identified and their weight in total indirect costs is estimated based on this; Step 5. Calculation of the resulting financial indicators for customer service: net profit (loss) from customer service, profitability of customer service; indicators of the profitability of the sale of services are determined. Step 6. Making conclusions on the development of the bank's relations with the client. In the CPA methodology, the net profit (loss) (NP) from serving a client is calculated based on the following formula:

$$NP = R - C - Q$$

Here: R is the bank's income from customer service; C - direct costs of the bank related to customer service; Q is the bank's indirect costs related to customer service. Commercial banks rely on relevant principles in developing their deposit policy, which are divided into general and private principles. According to generally accepted principles, the monetary policy of the Central Bank is the same at the level of a particular commercial bank. These principles include: scientific validity, optimality and efficiency, unity of deposit policy elements. The specific principles of the deposit policy include the principles of ensuring the safety of banking activities, ensuring the optimal level of costs, and ensuring reliability. It is worth noting that, along with standard types of loans, there are also special loans, which indicates the flexibility of the deposit policy in each bank. Adhering to these principles, commercial banks form strategic and tactical directions in the organization of the deposit process, thereby ensuring the effectiveness of the deposit policy. In general, adherence to the principles of the formation of the deposit policy allows the bank to form strategic and tactical directions in the organization of the deposit process, thereby ensuring the efficiency and optimization of its deposit.

Summary. It is recommended to increase the volume of savings and time deposits as the main factors for ensuring the stability of the bank's deposit base. The peculiarity of these deposits is that they are considered stable funds for the bank, but they are an expensive resource. Therefore, attracting such funds at reasonable rates will affect the bank's profitability in the future. Reducing the reserve ratio of the Central Bank leads to an increase in the money supply. Determining the structural elements of the deposit policy of commercial banks, in turn, requires the development of a set of principles that determine the behavior of each element. It requires adaptation of the deposit policy to the principles used in the formation of the strategy. Taking into account that the principles used in the development of the strategy for the development of the bank's activity were formed on the basis of the main strategic document of the Central Bank of the Republic of Uzbekistan, "The main directions of monetary policy", we believe that it is appropriate to introduce it into the process of development and implementation of the deposit policy. In our opinion, they are as follows: 1. Clear target areas of the deposit policy. In order to increase the confidence of customers and other creditors in the deposit policy of commercial banks and to conduct it effectively, they should have a clear vision and purpose of the present day and prospects of the bank's deposit policy. 2. Independence in making decisions on deposit policy development and implementation. Effective and effective (from the point of view of the stability of the bank's activity) deposit policy requires a certain level of independence of the commercial bank in making sector-related decisions. Because decisions made within the framework of the deposit policy affect the bank's financial indicators with certain time delays and may not have immediate results. From this point of view, it is important for the bank to make decisions based on careful analysis and to be firm in its decisions regarding the deposit policy. 3. Macroeconomic analysis and forecasting system within the deposit policy. The successful implementation of the deposit policy depends to a certain extent on the accuracy and reliability of information about the state of the deposit services market and its development trends. 4. Effective means and mechanisms of deposit policy implementation. Revision and improvement of existing tools and mechanisms, as well as implementation of new tools and mechanisms operating on the basis of market principles, are of great importance in ensuring the strategic effectiveness of deposit policy development and implementation. This means that it is necessary to conduct the deposit policy only through market mechanisms and not through administrative methods. 5. Deposit policy communication system. The communication policy includes the continuous dissemination of a complete set of financial and quality indicators related to the deposit policy, the disclosure of intermediate and operational goals of the deposit policy, and the reasons for the decisions made in this area. The procedure for development and implementation of the deposit policy by a commercial bank, as well as information about its purpose, tools and instruments, deposit operations market participants must be delivered in a clear and easy-to-understand manner.

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