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THE IMPORTANCE OF DEPOSIT OPERATIONS IN COMMERCIAL BANKS

Annotation. *This article analyzes the current state of deposits and loans of commercial banks along with their targeted performance indicators. Statistical and comparative analyses of deposit and loan indicators on the balance sheets of commercial banks have been conducted, and scientific proposals as well as practical recommendations have been developed to minimize banking risks through ensuring their proportionality.*

Keywords: *liability operations, commercial banks, term deposits, savings deposits, credit, bank assets and liabilities operations, interest rates*

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ЗНАЧЕНИЕ ДЕПОЗИТНЫХ ОПЕРАЦИЙ В КОММЕРЧЕСКИХ БАНКАХ

Аннотация. *В данной статье анализируется текущее состояние депозитов и кредитов коммерческих банков, а также их целевые показатели эффективности. Проведен статистический и сравнительный анализ депозитных и кредитных показателей по балансу коммерческих банков, разработаны научные предложения и практические рекомендации по минимизации банковских рисков за счёт обеспечения их пропорциональности.*

***Ключевые слова:** пассивные операции, коммерческие банки, срочные депозиты, сберегательные депозиты, кредит, активные и пассивные операции банков, процентные ставки.*

Introduction. The primary activity of commercial banks is focused on attracting deposits and issuing loans. Attracting deposits is considered a bank's liability (passive) activity, whereas lending is regarded as an asset (active) operation. Lending volume is directly dependent on the amount of attracted deposits, which forms the basis of the bank's profit and ensures the efficient functioning of banks. Furthermore, bank loans serve as a main source of financing for new projects, contributing to the growth of gross domestic product and the creation of new jobs. One of the core functions of commercial banks is to mobilize idle funds within the economy under appropriate conditions and allocate them to profitable assets. Due to the intrinsic connection between commercial banks' passive and active operations, the composition and nature of liabilities largely determine the implementation of banks' active operations. Liability operations define the obligations of commercial banks, and the credit policy of banks is also influenced by the characteristics of these resources. The growth in the volume of deposits and loans of commercial banks is closely linked to their interest rate policy. Interest rates set by banks on deposits, as well as interest rates charged on loans, directly affect the increase in the volume of deposit and loan operations. The financial outcome of a commercial bank's activity is determined by the size of the interest margin, which is formed as a result of the bank's credit-deposit operations.

Analysis and Discussion of Results. Deposit operations of commercial banks occupy a significant position within their resource base. The larger and more stable the deposit base, the more broadly banks can carry out active operations. Since deposits constitute the primary component of commercial banks' resources, they are considered one of the main sources for financing credit operations. The role of deposit base stability in ensuring the efficiency of commercial banks' lending is manifested in the following aspects:

- the terms of loans correspond to the terms of term deposits;
- the volume of deposits meets the level of demand for loans;
- there is a proportional relationship between the interest rates on loans and deposits.

When loan terms exceed deposit terms, it leads to an increased transformation risk for the bank, which negatively impacts the efficiency of the bank's lending operations. Meeting the demand for loans primarily requires a sufficient level of deposits in commercial banks. If the deposit base is inadequate, fulfilling the demand for loans becomes practically impossible. Therefore, commercial banks should regard ensuring the adequacy of their deposit base as a primary condition for satisfying credit demand.

One of the indicators characterizing the efficiency of commercial banks' lending practices is the stability of income generated from loans. In turn, the stability of loan income depends on the proportionality between interest rates on loans and deposits. According to the third appendix of the Uzbekistan Republic's Banking System Reform Strategy for 2020-2025, the target indicators envisage a proportional increase in the volume of banks' deposits and loans. Specifically, by the end of 2025, it is planned that bank deposits will reach 25-27% of gross domestic product (GDP), and the ratio of bank assets to GDP will exceed 55%. Additionally, the ratio of deposits to banks' liabilities is planned at 50-60%, and the share of private banks' assets (without state participation) in the total banking sector assets is targeted to reach 60%. Indeed, although the strategy envisages raising the ratio of bank assets to GDP to 55% by 2025, this indicator has shown a declining trend during 2022-2024, reaching 52.9% in 2024. Similarly, while bank deposits as a percentage of GDP were targeted at 25-27%, in 2024, this ratio stood at 21.22%. Furthermore, although the share of private banks' assets in the total banking sector assets was planned to reach 60%, it amounted to only 34.59% in 2024.

Commerce banks deposits about information (table 1) [6]

| Commerce banks deposits as of April 1, 2025 information | | |
|---|----------------|-----------|
| <i>billion soums</i> | | |
| Bank name | Total deposits | from that |

| | | physical individuals | legal individuals |
|---|--------|-------------------------|-------------------|
| National Bank of Uzbekistan | 37,977 | 13 185 | 24,792 |
| Uzbek Industrial and Construction Bank (SQB) | 23,720 | 7,592 | 16 128 |
| Agrobank | 21,546 | 10,044 | 11,502 |
| Asaka bank | 16,987 | 7 468 | 9 519 |
| Xalq bank | 26 146 | 5,406 | 20,740 |
| Business development bank | 12,314 | 2,647 | 9 667 |
| Microcredit bank | 8 701 | 2,695 | 6 006 |
| Aloqa bank | 15,192 | 5,358 | 9,834 |
| Turan bank | 4,757 | 2 165 | 2,592 |

A notable disparity is observed in the total deposit volumes across different banks. "National Bank of Uzbekistan" stands out as the absolute leader, with a total deposit volume of 37,977 billion UZS. This figure is approximately eight times greater than that of "Turan Bank," which holds the smallest deposit volume at 4,757 billion UZS. This situation reflects market concentration and underscores the dominant position of large state-owned banks within the national economy.

Dominance of Legal Entities in Deposit Structures. In many banks, such as "National Bank of Uzbekistan," "Uzbek Industrial and Construction Bank (SQB)," "Xalq Bank," and "Business Development Bank," deposits from legal entities constitute a significantly larger share of total deposits compared to those from individuals. This indicates the crucial role of the corporate sector in ensuring these banks financial stability and liquidity. For instance, legal entities account for 79.3% of total deposits at "Xalq Bank" and 78.5% at "Business Development Bank."

Differences in Deposit Portfolio Segmentation-Certain banks maintain a higher proportion of deposits from individual clients, which reflects their strategic focus on retail banking. For example, deposits from individuals constitute 46.6% of the total

deposits at "Agrobank," 44.0% at "Asaka Bank," and 45.5% at "Turon Bank." These figures may be explained by the banks' specialization—for instance, "Agrobank's" orientation towards the agricultural sector, which often involves individual farmers and the general population—or by specific strategic decisions. Formation of Banks' Financial Resources-The distribution of total deposits between individuals and legal entities is a critical factor in defining each bank's risk profile and financial stability. Although deposits from legal entities tend to be larger in volume, their volatility (due to corporate transactions) can be higher compared to the more diversified and stable deposits from individuals.

Market Competition and Strategic Positioning-The table also reflects market segmentation among banks. Some banks build their deposit base primarily through servicing large corporate clients, while others seek a competitive advantage by focusing on retail services. These orientations indicate banks' future development strategies and the client segments they prioritize. Conclusion. The analysis of commercial banks' deposit portfolios provides valuable insights into their market positions, client base composition, and strategic approaches to attracting financial resources. For deeper analysis, it would be advisable to study deposit dynamics, average maturities, interest rates, and regional distribution in future research. Although the share of deposits relative to banks' liabilities is planned to be raised to 50-60%, it was 47.2% in 2024. The alignment of deposit and credit services in terms of volume, interest rates, and maturities reduces risk levels, improves profitability, and ultimately contributes to the effective functioning of the banking system. Summary and Recommendations-Based on the above information, it can be concluded that commercial banks allocate funds into deposits based on principles of return, payment, liquidity, and diversification. Additionally, a key condition for banks when placing funds is the timely fulfillment of their liabilities. Commercial banks that meet these criteria and provide comprehensive information can efficiently organize deposit operations, thereby creating a solid foundation for credit activities.

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