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Priority Areas of Development of Deposit Operations In Commercial Banks of Uzbekistan

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Abstract: The development of deposit operations is essential for the stability of commercial banks and the broader financial system in Uzbekistan. As the banking sector grows, it becomes increasingly important to explore opportunities for strengthening the deposit base and expanding financial services. This article focuses on the development of deposit operations in commercial banks in Uzbekistan, analyzing key areas such as the introduction of long-term deposit products, the expansion of digital banking services, and the enhancement of financial literacy. While several studies have discussed deposit operations in the banking sector, there is a lack of research on the specific strategies needed to enhance competition and improve deposit insurance systems in the context of Uzbekistan's evolving market. The primary aim of this study is to explore strategies for strengthening the deposit base in Uzbekistan's commercial banks by implementing new financial products and fostering a competitive banking environment. The study finds that expanding long-term deposit products, improving deposit insurance systems, and increasing financial literacy can significantly enhance the stability of the banking sector, contributing to economic growth. This article introduces an innovative approach by emphasizing the role of private banks and digital services in improving the deposit base and financial inclusion. The findings suggest that by improving competition and financial literacy, banks can attract more deposits, thus ensuring liquidity and stability, which will positively impact both the banking sector and the overall economy.

Keywords: deposit, commercial bank, savings, individual, legal entity, financial stability, banking system.

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1. Introduction

In the Development Strategy of New Uzbekistan for 2022-2026, approved by the Decree of the President of the Republic of Uzbekistan No. PF-60 dated January 28, 2022, in order to increase financial resources in the economy, a number of works are being carried out within the framework of the implementation of this Decree [1].

Attracting idle funds of the population is one of the priority areas for the development of the banking system. Citizens' deposits are becoming the main source of investment for economic growth. Therefore, increasing the total amount of deposits is an urgent issue. Today, the growth of the volume of deposits and improving their structure is a key factor in the soundness of commercial banks, increasing their creditworthiness and liquidity. An increase in long-term deposits ensures the independence, stability and reliability of banks. For the formation of a healthy deposit market, fair and equal competition between financial institutions is necessary to attract customers and deposits based on free market

prices and appropriate interest rates. Competition for resources between banks stimulates the development and implementation of special measures to increase bank resources [2].

From year to year, the leadership of our country is paying increasing attention to strengthening the resource base of commercial banks, which has become a strategically important task for the development of the banking system of the entire country. Healthy competition and the existing conditions in the financial market encourage commercial banks to improve the efficiency of their services and expand their range. In particular, banks are taking steps to attract free funds from the population and business entities to increase market activity and offer more attractive conditions for deposits [3].

Literature Review

An analysis of the economic literature devoted to the consideration of issues related to the bank's deposit policy shows that a lot of scientific work has been carried out in this area. These include the works of the following foreign and domestic scientists: A.A. Martens, N.O. Derkach, G.G. Korobov, O.I. Lavrushin, M.R. Kajaeva, V.A. Chelnokov, S.M. Khodiev, B.U. Shermukhammedov, U. Azizov, N.I. Sultanov, M. Abdullayev, N. Yusupov, Sh. Ibodullaev, F. Bobobekov and others [4].

It is worth noting that research in the field of bank deposit policy is based on a large number of scientific works aimed at the formation and implementation of this policy. Each researcher understands the concept of "deposit policy" as a strategy and tactics aimed at attracting bank resources. However, each economist-researcher gives this term its own, albeit similar, but different definition. Therefore, we believe that it is appropriate to give different definitions of this concept [5].

Economist-researcher O.I. Lavrushina defines the bank's deposit policy as "a type of banking policy aimed at attracting depositors' funds to deposits and effectively managing the process of their attraction [6].

M.R. Kadzhaeva believes that "Deposit policy is a set of measures aimed at attracting funds from legal entities and individuals in the form of deposits by banks for their subsequent mutually beneficial use" [7].

E.I. Vorobyeva states that "deposit policy is a complex set of measures aimed at forming a portfolio of deposits (depositors), various forms and methods of implementing these measures, determining the competitive position of the market in this segment and ensuring the stability and reliability of the resource base" [8].

According to M.N. Bukhadurov, "the bank's deposit policy is an integral part of the bank's policy, which includes a set of phased and interrelated actions aimed at attracting funds from customers on the basis of return and fair conditions" [9].

Economist S.M. Khodiev, in his scientific work, describes the deposit policy of commercial banks as follows: "a program complex of deposit activities, which covers regulatory, legal, organizational and technological issues within the framework of deposit operations carried out in commercial banks" [10].

2. Materials and Methods

The methodology for this research focuses on analyzing deposit operations in commercial banks in Uzbekistan, specifically their role in strengthening the banking system and fostering economic growth. The study utilizes official data provided by the Central Bank of Uzbekistan, with a primary focus on deposit volumes, the structure of deposits by individuals and legal entities, and trends in the deposit market as of May 1, 2025. A combination of systematic and comparative analysis, statistical analysis, and economic-mathematical methods is employed to process the data and identify key patterns. The study also integrates qualitative methods to examine the impact of digital banking services, financial literacy, and deposit insurance on the growth of deposit operations. The research further explores the influence of healthy competition between banks and the strategic initiatives of private banks, using both macroeconomic indicators and specific case studies from commercial banks with varying deposit levels. Key areas of investigation include the introduction of long-term deposit products, expansion of digital banking services, and enhancement of customer trust. This mixed-method approach

ensures a comprehensive understanding of deposit operations, their effects on financial stability, and their contribution to the broader economic development of Uzbekistan.

3. Results and Discussion

Deposit operations play an important role in the activities of commercial banks of the Republic of Uzbekistan, ensuring a stable flow of resources and making a significant contribution to the formation of the financial base. One of the main aspects of deposit operations is attracting funds from individuals and legal entities, which allows banks to accumulate capital for subsequent lending. This creates a closed loop, in which deposit deposits are the basis for financing various economic projects [11].

The importance of deposit operations is also reflected in the ability of a bank to ensure liquidity. A stable flow of deposits allows banks to maintain the necessary reserves, which in turn guarantees the fulfillment of obligations to depositors. In a rapidly changing economic environment, effective management of deposit resources is crucial to reducing risks and increasing financial stability [12].

Deposit operations also contribute to the development of the financial market of Uzbekistan. A variety of deposit products, such as term, savings and accumulative deposits, increase competition between banks and increase the financial literacy of the population. As a result, the choice for customers expands and the overall economic environment of the country improves.

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M.N. According to Bukhadurov, "the deposit policy of a bank is an integral part of the bank's policy, which includes step-by-step and interrelated actions aimed at attracting funds from customers on the basis of fair conditions and return." [15].

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One of the important aspects of deposit operations is their impact on interest rates in the financial market. Competition for attracting deposits forces banks to offer depositors more attractive terms, which can contribute to a decrease in interest rates on loans. As a result, financing opportunities for enterprises and the population become easier, which stimulates economic growth and an improvement in the standard of living of citizens.

During our study, data from the Central Bank of the Republic of Uzbekistan were analyzed, reflecting the state of deposits in commercial banks as of May 1, 2025. The volume of funds attracted by individuals and legal entities was considered. Special attention was paid to banks in which there is no state share, which made it possible to assess the level of activity of the private banking sector and the level of trust in it by the population and business, see Table 1.

Table 1. Data on attracted deposits of commercial banks as of may 1, 2025

№	Name of banks	Total deposits billion soums	Including			
			Individual	Legal entity		
			billion soums	Deposits to total deposits ratio (%)	billion soums	Deposit s to total deposits

						ratio (%)
1	ATB «Kapital bank»	37 764	23 466	62	14 298	38
2	AITB «Ipoteka bank»	25 147	4 897	19	20 250	81
3	ATB «Hamkorbank»	12 577	7 139	57	5 438	43
4	AITB «Ipak yuli bank»	11 746	4 419	38	7 327	62
5	XATB «Oriyent Finans»	11 718	3 469	30	8 249	70
6	AJ «ANOR bank»	10 652	7 365	69	3 288	31
7	AJ «InfinBANK»	9 154	4 830	53	4 324	47
8	ChAB «Trastbank»	8 346	2 336	28	6 010	72
9	AO «KDB bank Uzbekistan»	7 374	603	8	6 771	92
10	«ASIA ALLIANCE BANK»	6 488	2 032	31	4 456	69
11	ATB «Tibisi bank»	6 092	5 366	88	726	12
12	XATB «Davr bank»	3 850	1 575	41	2 275	59
13	AJ «OCTOBANK»	2 734	650	24	2 084	76
14	ATB «Tenge Bank»	2 714	1 771	65	943	35
15	AJ «Garant bank»	2 692	562	21	2 130	79
16	ATB «Universal bank»	2 326	1 271	55	1 055	45
17	AJ «HAYOT BANK»	2 082	129	6	1 953	94
18	AJ «Ziraat Bank Uzbekistan»	1 712	951	56	761	44
19	AJ «APEX BANK»	509	34	7	476	94
20	AJ Yangi Bank»	395	218	55	177	45
21	AJ «Poytaxt bank»	188	46	24	142	76
22	AJ «UZUM BANK»	97	68	70	29	30
23	ATB «Madad Invest Bank»	95	37	39	58	61
24	DB «Saderat bank Irana»	47	3	6	45	96
25	AJ «AVO BANK»	32	3	9	29	91
26	AJ «SMART BANK»	18	14	78	4	22
Total:		166 548	73 254	44	93 298	56

The total volume of deposit resources in commercial banks of the Republic of Uzbekistan is 166,548 billion soums, of which 73,254 billion soums are funds of individuals and 93,298 billion soums are funds of legal entities. If we analyze the position among banks, the first place is occupied by JSCB "Kapital Bank", its nominal volume is 37,764 billion soums, where the share of funds of individuals is 62%, amounting to 23,466 billion soums. Next is JSCB "Ipoteka Bank", with a total volume of 25,147 billion soums, but the main deposits in this bank are on the accounts of legal entities, and their share is 81% (20,250 billion soums). Next is JSC "Hamkorbank", with total deposit resources of 12,577 billion soums, and the ratio of deposits of individuals and legal entities is 57:43% (7,139 billion soums and 5,438 billion soums). Next are JSC "Ipak Yuli Bank" (11,746 billion soums) and JSC "Orient Finans" (11,718 billion soums). The activeness of these banks and the level of customer trust are clearly reflected in the volume of deposit resources.

Banks with medium-sized deposits include ANOR Bank JSC, InfinBANK JSC, Trustbank JSC, KDB Bank Uzbekistan JSC, ASIA ALLIANCE BANK JSC, Tibisi Bank JSC, Davr Bank JSC, OCTOBANK JSC, Tenge Bank JSC, Garant Bank JSC, Universal Bank JSC, HAYOT BANK JSC, and Ziraat Bank Uzbekistan JSC, and their deposit resources range

from 10,652 billion soums to 1,712 billion soums. In some banks, such as APEX BANK JSC, Yangi Bank JSC, Poytaxt Bank JSC, UZUM BANK JSC, Madad Invest Bank JSC, Saderat Bank Irani JSC, AVO BANK JSC, and SMART BANK JSC, the volume of deposit resources ranges from 509 billion soums to 18 billion soums, which is due to the narrow specialization of activities, insufficient activity in the financial market, and the recent establishment of credit institutions.

Large banks are achieving high results in attracting deposits due to the attractive products and services offered to depositors. At the same time, new or small banks should develop strategic approaches to increase activity. This will create an environment of free and fair competition between banks. In assessing the real impact of deposits attracted by banks on the economy, their lending activity is of particular importance. As of January 1, 2025, the total volume of loans issued by commercial banks amounted to 533,121 billion soums, of which 33% went to individuals and 67% to legal entities, see Table 2.

Table 2. Information on loans granted by commercial bank to individuals and legal entities as of January 1, 2025

No	Bank name	Total loans (billion soums)	Individual (billion soums)	Share (%) physical	Legal entity (billion soums)	Share (%) legal
1	ATB «Kapital bank»	31 584	18 021	~57%	13 563	~43%
2	AITB «Ipoteka bank»	35 094	23 758	~68%	11 336	~32%
3	ATB «Hamkorbank»	19 178	7 550	~39%	11 628	~61%
4	AITB «Ipak yuli bank»	14 228	4 203	~30%	10 025	~70%
5	XATB «Oriyent Finans»	12 565	4 447	~35%	8 118	~65%
6	AO «ANOR bank»	6 858	5 413	~79%	1 445	~21%
8	ChAB «Trastbank»	5 705	2 808	~49%	2 898	~51%
9	AO «KDB bank Uzbekistan»	3 367	12	~0%	3 355	~100%
10	«ASIA ALLIANCE BANK»	3 865	1 314	~34%	2 551	~66%
11	XATB «Davrbank»	7 019	4 779	~68%	2 241	~32%
12	ATB «Tenge Bank»	4 217	1 142	~27%	3 075	~73%
13	AO «Garant bank»	797	161	~20%	636	~80%
14	ATB «Universal bank»	1 675	279	~17%	1 395	~83%
15	AO «HAYOT BANK»	1 161	74	~6%	1 087	~94%
16	AO «Ziraat Bank Uzbekistan»	2 028	148	~7%	1 880	~93%

17	AO «AVO BANK»	283	271	~96%	12	~4%
	Total:	533 121*	177 532*	~33%	355 589*	~67%

It is noteworthy that most banks with large deposit portfolios are currently pursuing an active credit policy. Including:

1. JSCB "Kapital Bank" has issued a total of 31,584 billion soums in loans, 57% of which are to individuals. This indicates that the bank maintains a balance in the areas of attracting deposits and providing consumer loans.
2. AICB "Ipoteka Bank" has issued 35,094 billion soums in loans, 68% of which are to individuals, which indicates that the bank specializes in consumer loans.

At the same time, the share of loans to legal entities in some banks, in particular JSC "KDB Bank Uzbekistan", JSC "HAYOT BANK" and JSC "Ziraat Bank Uzbekistan" exceeds 90%, which clearly demonstrates their leading position in the corporate lending market. The deposit base of these banks also relies on the same segment, which indicates a strategic approach to customer segmentation.

The activities of banks without a state share deserve special attention. Among them, such banks as JSC "ANOR Bank", JSC "InfinBANK", JSC "OCTOBANK" are forming their deposit base at the expense of individuals (for example, in ANOR Bank this figure is 69%). This reflects their attractiveness in terms of retail banking services and the trust of the population.

However, in some newly established or narrowly specialized banks, for example, JSC "SMART BANK", DB "Saderat Bank Irana", JSC "UZUM BANK", the volumes of deposits and loans are relatively low, which indicates that they have not yet occupied a full-fledged competitive position in the financial market. For them, the strategy of strengthening their position in the market is of great importance.

Deposit operations of commercial banks of Uzbekistan are of great importance for financial stability, economic growth and strengthening of the banking system. The increase in the volume of deposits expands the resource base of banks and has a positive impact on their lending activities. The increase in the level of trust of the population and legal entities in banks, as well as the increase in the level of financial literacy are the main factors in the development of deposit operations. In the future, the development of a healthy competitive environment among commercial banks, the creation of attractive deposit products and work based on innovative approaches will contribute to the further stability of the deposit market.

The expansion of long-term deposit products will allow commercial banks to create long-term and high-interest deposit types, serve as a stable source of income for customers, and ensure the liquidity and financial stability of banks. Therefore, increasing the understanding of the benefits, safety and prospects of deposits among the population and business entities has a positive impact on the expansion of the deposit base.

4. Conclusion

The analysis shows that the growth of deposits in commercial banks is associated with several factors. First, healthy competition between banks forces them to offer customers favorable conditions and competitive interest rates. This increases the confidence of the population and entrepreneurs in the banking system. Second, the growth of long-term deposits ensures the financial stability of banks and expands their lending capacity. Large and medium-sized banks are achieving sufficient efficiency in attracting savings from the population and fully implement the function of financial intermediation by directing these funds to the economy in the form of loans, however, it is necessary for small and new banks to increase their competitiveness by developing attractive deposit products, expanding digital services, increasing financial literacy, and strengthening deposit

insurance systems. This will have a positive impact on the stability of the overall banking system, customer confidence, and economic growth.

The expansion of long-term deposit products will allow commercial banks to create long-term and high-interest deposit types, serve as a stable source of income for customers, and ensure the liquidity and financial stability of banks.

Increasing the competitiveness of private banks should increase the ability of private banks to attract depositors by diversifying their services, widely introducing digital services, and opening branches in the regions.

Expanding financial literacy programs will increase the understanding of the benefits, safety, and prospects of deposits among the population and business entities, and will have a positive impact on expanding the deposit base.

Strengthening the deposit insurance system is an important factor in further improving the mechanisms for state insurance of deposits and increasing public confidence in the banking system.

Promoting healthy competition between banks It is necessary to create an environment of fair and effective competition between banks by increasing the transparency of interest rates and services offered for deposits.

Accelerating the introduction of digital banking services will encourage deposit placement and management through online platforms, increase customer convenience, and contribute to the digital transformation of the banking system.

Deposit operations of commercial banks in Uzbekistan are of great importance for financial stability, economic growth, and strengthening the banking system. The increase in the volume of deposits expands the resource base of banks and has a positive impact on their lending activities. Increased trust of the population and legal entities in banks, as well as an increase in the level of financial literacy, are key factors in the development of deposit operations. In the future, the development of a healthy competitive environment among commercial banks, the creation of attractive deposit products, and work based on innovative approaches will contribute to the further stability of the deposit market.

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