



DEPOSIT POLICY OF COMMERCIAL BANKS OF OUR COUNTRY AS AN IMPORTANT FACTOR IN STRENGTHENING RESOURCE BASE

Shermukhamedov Bekhzodjon Usmonovich

Tashkent Financial Institute

E-mail: Diplomat_701@mail.ru

Annotation: This article reflects actual problems of increasing the efficiency of deposit operations and strengthening their role in strengthening the resource base of banks based on a multivariate analysis of changes in the consolidated balance sheet of commercial banks of the country, the structure of attracted deposits in national and foreign currencies, as well as the dynamics of average interest rates on deposits. Also, the commercial banks of the country have developed scientific proposals to improve the process of deposit policy development.

Key words: commercial banks, inflation, deposit policy, interest rate policy, term and savings deposits, resource base.

INTRODUCTION

Ensuring the financial stability of the banking system is, first of all, closely linked with the successful implementation of measures to ensure the strength of the resource base and the level of diversification. At the same time, the strengthening of macroprudential control requirements in the framework of the monetary policy of the Central Bank of the Republic of Uzbekistan raises problems such as lack of long-term liquid resources in the national currency and the need for banks to achieve appropriate liquidity indicators.

At the same time, the high level of inflation expectations of the population and businesses, as well as the growing interbank competition in the field of long-term deposits and the growing demand for innovative services as a result of technological development have led to the development of deposit policy by commercial banks. requires the improvement of tools.

In the address of the President of the Republic of Uzbekistan to the Oliy Majlis on January 24, 2020: "From 2020, each bank will implement a large-scale transformation program. In this regard, we will focus on increasing the capital, resource base and income of our banks." The need to review the fundamentals of deposit policy pursued by commercial banks, as well as the urgency of studying theoretical, methodological and practical issues related to deposit policy.

The problem of transforming the deposit policy of commercial banks in accordance with today's requirements is not only one of the features of the banking sector of our country, but also one of the issues in the focus of banking professionals and economists of developed and developing countries. In particular, Deloitte Touche Tohmatsu Limited's review, "Banks and Capital Market Outlook 2020,"¹ states: "By the

¹ <https://www2.deloitte.com/us/en/insights/industry/financial-services/financial-services-industry-outlooks/banking-industry-outlook.html> prepared on the basis

end of the decade, the number of banks operating in the retail services market may decline. They will need to prioritize the integrity of values and services in the transformation and strengthen partnerships with companies based on new financial technologies. ”

In the monograph “Deposit policy as a basic element of financing of commercial banks” prepared by Russian scholars AA Martens and N.O. Derkach [1], determines the level of efficiency of financial activities. However, innovations in this area will be effective only in a stable financial environment, in any other case, commercial banks will strive to maintain a liquidity position by attracting funds from the customer segment, which is attractive to them.

Indian scholars Narayana Maharana, Suman Kalyan Choudhuri, Ashok Kumar Panigraxilar [2] in a scientific article entitled “Deposit Mobilization of Commercial Banks: A Comparative Study of BOB and Axis Bank in Bhubaneswar City” Analyzing the ongoing activities, they noted that "this area of activity is a key function for Indian banks and needs to be further developed."

The object of this study is the practice of developing deposit policy of commercial banks of the Republic of Uzbekistan, and the subject is the macro and microeconomic factors influencing the deposit policy. Methods such as abstract-logical thinking, grouping, expert evaluation, induction and deduction, statistical grouping, comparison were used in the research process.

MAIN PART

It is known that today the balance sheets of commercial banks are undergoing significant structural changes. In particular, these changes are primarily reflected in the increase in the share of borrowed funds from internal and external sources in the bank's resource base, the decrease in the share of deposits from individuals and legal entities. As a result of increasing demands for financial stability of commercial banks, banks are forced to intensify measures to find long-term financial resources. As a result, interest rates on long-term deposits offered by commercial banks have increased, the volume of deposits in foreign currency in the structure of the deposit portfolio is constantly growing.

In order to develop practical recommendations to address these systemic problems, first of all, to analyze the structure of national and foreign currency deposits of commercial banks and the dynamics of average interest rates, as well as the impact of macro and microeconomic factors on deposit policy and services of commercial banks purposeful.

²Prepared on the basis of <http://www.cbu.uz/uzc/statistics/bankstats/>.

1-table

Dynamics of key indicators of the consolidated balance of commercial banks (in billion soums)

Index	2015 year	2016 year	2017 year	2018 year	2019 year**
<i>Concentration balance</i>	65 176	84 075	166 632	214 420	301 655

Exchange rate of national currency against US dollar (at the end of the year)	2810	3231,48	8120,07	8339,55	9507,56
<i>Consolidated balance sheet (\$ million)</i>	<i>23 194</i>	<i>26 017</i>	<i>20 521</i>	<i>25 711</i>	<i>31 728</i>
Credit investments	42 685	52 045	108 467	164 670	239 363
Assets in other banks, nonresidents	*	6 588	18 347	13 545	14 241
<i>Funds in other banks (\$ million)</i>	<i>*</i>	<i>2 038</i>	<i>2 259</i>	<i>1 624</i>	<i>1 498</i>
Cash assets	*	17 575	26 463	23 072	27 392
Total deposits	35 600	37 183	59 579	70 001	91 304
Balance weight	54,6%	44,2%	35,7%	32,6%	30,3%
<i>Total deposits (mln. \$)</i>	<i>12 669</i>	<i>11 506</i>	<i>7 337</i>	<i>8 394</i>	<i>9 603</i>
Obtained credit and leasing operations	19 171	26 786	72 819	104 379	138 990
Balance weight	29,4%	31,8%	43,7%	48,7%	46,1%
<i>Total debt (\$ million)</i>	<i>6 822</i>	<i>8 289</i>	<i>8 968</i>	<i>12 516</i>	<i>14 619</i>
Total capital	7 784	8 981	20 676	26 679	41 834
Balance weight	11,9%	10,7%	12,4%	12,4%	13,9%
<i>Obtained credit and leasing operations</i>	<i>2 770</i>	<i>2 779</i>	<i>2 546</i>	<i>3 199</i>	<i>4 401</i>

Note: * No information available in open sources.

** The data in the table are as of December 2019.

According to Table 1, the consolidated balance of commercial banks in 2015 amounted to 65,176 billion soums, and in 2019 increased by 301,655 billion soums. The increase in total balance was due to the last 2017 and 2018. However, we can see that the situation is relatively different when the savings balance of commercial banks is recalculated in US dollars, which is taken as an operational target and used in the implementation of settlements. In particular, in 2015 the bank's consolidated balance amounted to 23,194 mln. In 2019, this figure will reach 31,728 million. U.S. dollars, or an increase of 36.8 percent. Another peculiarity of the consolidated balance sheet is that the amount of funds held in accounts opened

in foreign banks (non-resident banks) is large enough. In particular, in 2017, these funds amounted to 18,347 billion soums (\$ 2,259 million), at the end of 2018 - 13,545 billion soums (1,624 million US dollars), in 2019 - 14,241 billion soums. In 2019, the funds held in foreign banks increased by 696 billion soums or 73 million compared to 2018. USD (at the end of 2019 exchange rate).

The issue of diversification of sources and currency in the formation of the resource base of commercial banks is one of the factors directly affecting the financial stability of banking, as well as the effectiveness of the monetary policy of the Central Bank of the Republic of Uzbekistan. [3].

From the data in Figure 1, we can see that the volume of deposits, which is one of the main resource sources of commercial banks. At the end of 2019, 91,309 billion soums, which is 55 704 bln. soums more than in 2015. soums, compared to 2016 - 54 121 bln. soums, compared to 31 725 bln. soums in 2017. soums and 21,303 bln. soums in 2018. soums. Nevertheless, the share of deposits in the resource base of banks has been declining from year to year. In particular, at the end of 2015, the share of total deposits amounted to 54.6%, in 2016 this figure was 44.2%, in 2017 - 35.7%, in 2018 - 32.6%, in 2019 - 30.3%. . The share of bank deposits in the consolidated balance sheet in 2019 decreased by 24.3 percentage points compared to 2015.

³ Prepared on the basis of <http://www.cbu.uz/uzc/statistics/bankstats/>.

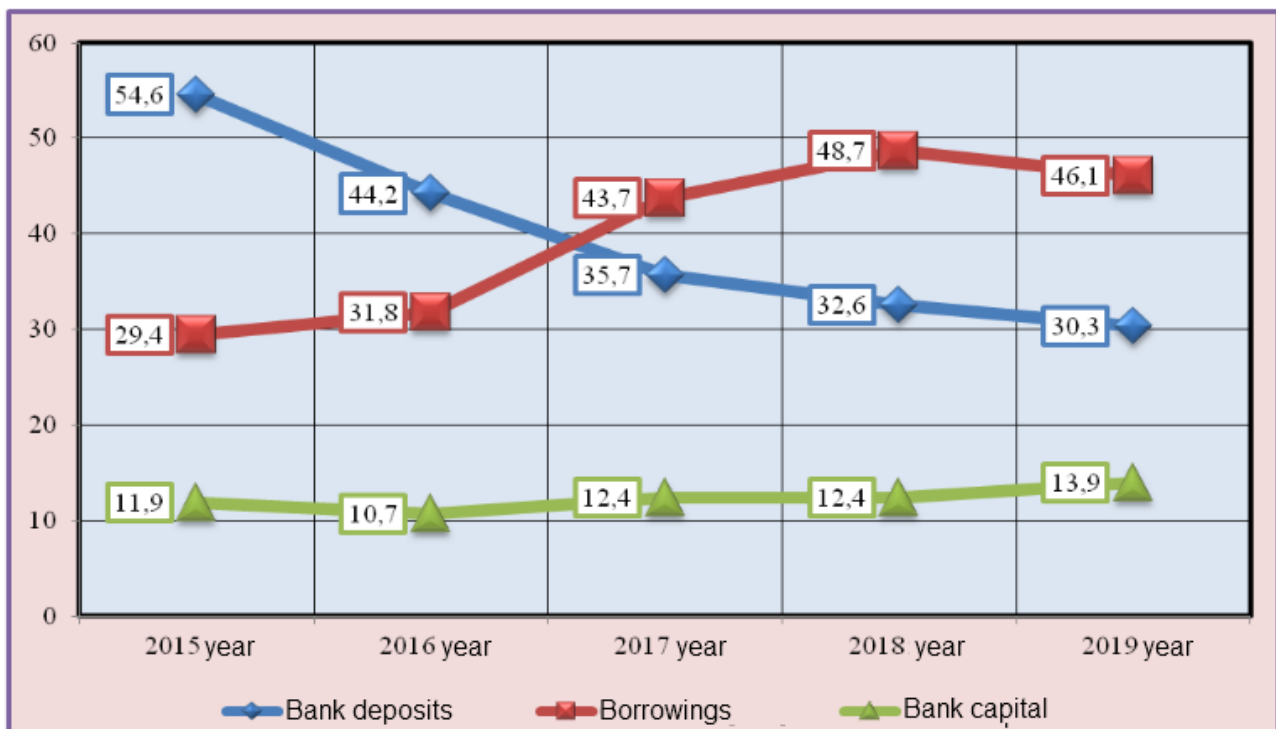


Figure 1. Dynamics of the share of the main resource sources in the consolidated balance sheet of commercial banks



It should also be noted that when bank deposits are recalculated at the end of the year exchange rate (against the US dollar), the volume of attracted deposits decreases. Also, today the number of loans from domestic and foreign sources by commercial banks is growing. At the end of 2019, their share in the consolidated balance sheet of commercial banks amounted to 46.1% or 138,990 billion soums. Despite the fact that this figure is 2.6 percentage points lower than in 2018 (104 379 billion soums), it is 16.7 percentage points higher than in 2015 (19 171 billion soums) and 14.3 percentage points higher than in 2016 (26 786 billion soums). percentage points, an increase of 2.4 percentage points compared to 2017 (72 819 billion soums).

During the analyzed period, relative stability was observed in the share of total capital of commercial banks in the consolidated balance sheet. In 2019, the total capital amounted to 41,834 billion soums. Its share in the consolidated balance sheet was 13.9%. This figure was 11.9 percent in 2015, 10.7 percent in 2016, and 12.4 percent in 2017 and 2018, respectively.

Based on the above analytical data, the following trends can be noted:

First, in the near future, the demand for loans of bank customers will be met due to the increase in the amount of loans in national and foreign currency from domestic and foreign sources in the resource base of commercial banks. This is due to: a) increasing the attractiveness of external sources of financing; b) increase in the average weighted interest rate on deposits in national currency; c) increase in the volume of deposits in foreign currency due to the continuous devaluation of the national currency; g) inflation expectations among the population and entrepreneurs may remain high and may be explained by other factors. It should be acknowledged that the transformation processes in the consolidated balance sheet of commercial banks can pose a number of risks at the macroeconomic level. Such risks include high inflation and a lack of domestic financing, relatively high interest rates on loans in soums, an increase in the dollarization of the loan portfolio and a weakening of exchange rate risks, as well as increasing the impact of negative global trends on the economy.

secondly, in the near and long term, the efficiency of using high interest rates above the inflation rate will decrease in activating the process of attracting temporarily free funds of individuals and legal entities to deposits in national and foreign currencies. We will continue our research by analyzing the dynamics of the average weighted interest rates on deposits attracted by commercial banks in national and foreign currencies.

⁴ Prepared on the basis of <http://www.cbu.uz/uzc/statistics/bankstats/>.

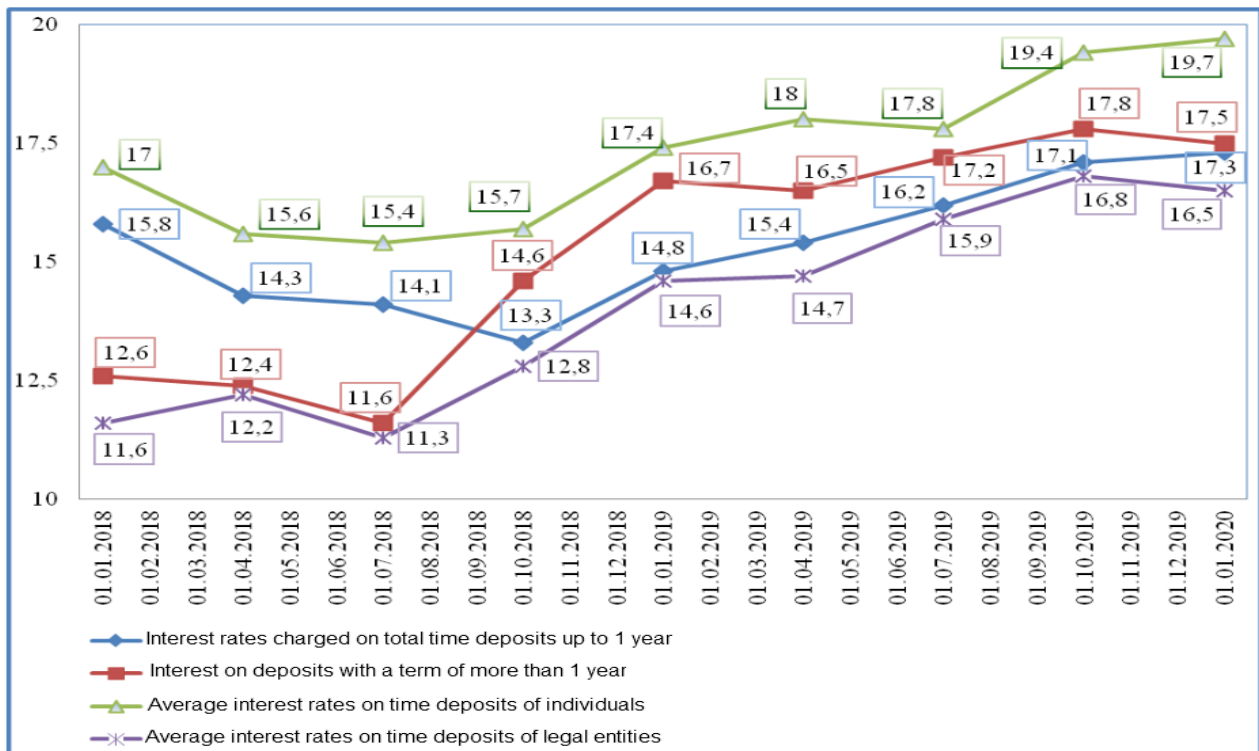


Figure 2. Dynamics of average weighted interest rates on time deposits attracted to commercial banks

Figure 2 shows that during 2018, there were significant fluctuations in the dynamics of the average weighted interest rates on time deposits in the national currency attracted to the banking system. The average weighted interest rates on deposits up to one year decreased from 15.8% in January 2018 to 13.7% in February-August and increased to 14.2% in September. In September-October 2018, the average interest rates were 13.3 and 13.6 percent, respectively, while in December they were 14.0 percent. Changes in the dynamics of interest rates on time deposits over one year, in contrast to the above, in September-December 2018 amounted to the highest level for the year, ie 14.6, 15.0 and 16.1%, respectively. It should be noted that during the remaining months of 2018, interest rates on this type of deposits were lower than interest rates on time deposits up to one year.

This means that since September 2018, there has been a sharp change in the deposit policy of commercial banks and the interest of banks in term deposits of more than one year has increased. This, in turn, led to an increase in the proposed interest rates.

The dynamic analysis of the weighted average interest rates on time deposits in foreign currency shows that the situation in this area is very similar to the situation with deposits in the national currency. In particular, the average weighted interest rates on deposits attracted for a period of more than one year

In 2018, it increased from 4.6 percent to 4.7 percent (the lowest rate was 3.6 percent observed in April-June 2018), and in 2019 it increased from 4.7 percent to 5.3 percent. It should be noted that the average weighted interest rates on time deposits of individuals in foreign currency in 2019 decreased from 4.8% to 4.0%, while on time deposits of legal entities increased from 3.4% to 5.2%.

CONCLUSIONS AND RECOMMENDATIONS

Based on the current state of implementation of the deposit policy by commercial banks and the analysis of macroeconomic factors influencing this policy, the following conclusions and recommendations can be noted:

The lack of a long-term strategic goal in the development of deposit policy in commercial banks has led to a change in the priorities for attracting deposits. While this is positive in terms of adapting to the transformational processes taking place in the banking system and its regulatory system, on the one hand, it must be acknowledged that on the other hand it is a factor that increases the level of customer distrust of bank deposit policy;

the establishment of differential interest rates depending on the legal status of bank customers, the currency of attraction and the type of deposit, (ie, the implementation of interest rate policy) creates certain problems in placing them on loans that play a key role in bank assets. This implies an increase in the likelihood of a mismatch between the maturity of borrowed and placed funds and interest rates;

The decline in interest rates on foreign currency deposits attracted from individuals will, in part, lead to the outflow of temporarily vacant funds at the disposal of the population from the real sector of the economy to the "hidden economy". As mentioned above, the confidence of customers in the banking sector is determined primarily by the fact that the cost of services will remain the same in the long run. Hence, changes in interest rates without the influence of rapid or fundamental factors should be assessed as a factor that reduces the effectiveness of deposit policy;

The volume of loans from domestic and foreign sources in the resource base of commercial banks will increase, as well as the volume of deposits in foreign currencies in the deposit portfolio of banks in the context of the devaluation of the national currency. In scientific and practical sources [5,6], this process, called "dollarization" of deposits in the banking system, is considered as a factor that increases the level of systemic risks, currency and operational risks of a global nature in the activities of commercial banks. Thus, increasing the attractiveness of deposits in the national currency and increasing their share in the deposit portfolio will help to overcome the above-mentioned problems.

The above-mentioned features and factors should be taken into account by commercial banks in the development and implementation of deposit policy, strengthening their resource base, ensuring financial stability, inflation expectations of the population and businesses.

LIST OF REFERENCES

1. Мартенс А.А., Деркач Н.О. Депозитная политика как базовый элемент фондирования коммерческого банка / А.А. Мартенс, Н.О. Деркач // Образование и наука: современные тренды : коллективная монография (Чебоксары, 15 март 2018 г.) / гл. ред. О.Н. Широков – Чебоксары: ЦНС «Интерактив плюс», 2018. – С. 140-150.



2. NarayanaMaharana, SumanKalyanChoudhury, AshokKumarPanigrahi. Deposit Mobilization of Commercial Banks: A Comparative Study of BOB and Axis Bank in Bhubaneswar City. Journal of Management Research and Analysis 2015;2(3):195-203.
3. Ўзбекистон Республикаси Марказий банки Монетар сиёсатнинг 2019 йил ва 2020–2021 йиллар даврига мўлжалланган асосий йўналишлари. (<http://www.cbu.uz/uzc/monetarnaya-politika/>)
4. Ўзбекистон Республикаси Марказий Банки “Пул-кредит сиёсати шарҳи”, 2019 йил IV чорак. Т.; 2020 й.
(<http://cbu.uz/upload/iblock/8c9/8c9768a30ce71cb5966ef3f306211898.pdf>).
5. Ize, A., Parrado E. “Dollarization, monetary policy and the pass through”, IMF Working paper, 2002.02/188 (Washington, International Monetary Fund).
6. Скакова Д. 2014. «Эмпирическая оценка трансмиссионного механизма денежно-кредитной политики в Республике Казахстан», Экономическое обозрение Национального Банка РК, №3, 2014, стр. 14-20.