
IMPORTANT DIRECTIONS IN FORMING THE DEPOSIT BASE OF COMMERCIAL BANKS

<https://doi.org/10.5281/zenodo.10990096>

Sh.F.Umirzakova

*assistant of the "Finance, tax and banking" department, Samarkand Branch of
Tashkent University of Economics*

Abstract

The development of a bank's deposit operations is hampered by a weak sales and service system. In order to increase its deposit base, credit institutions should pay due attention to banking marketing, which is an important component in strengthening the deposit base. It is necessary to pay attention to the following main areas of banking marketing: the approach to the client, methods of communicating with him, certain advantages for the client when choosing a particular bank, which allows the bank to get ahead in the competition, managing the effectiveness of services - all this constitutes the key techniques of bank marketing.

Keywords

deposit; credit organization; banking activity; bank deposits; attracted funds.

The resources of a credit organization represent the totality of funds that are at the disposal of the organization and are used to conduct its activities. Resources can be generated through passive operations. They are usually divided into own and borrowed funds.

A credit institution must maintain a certain ratio between its own and borrowed funds. The right to use funds in deposits has banks that have been granted such a right in accordance with a permit (license) issued in the manner established in accordance with the law. The bank's own funds are usually understood as the various funds that a credit institution creates for the so-called security of its financial stability, commercial and economic functioning and, of course, the bank's profit that the credit institution receives as a result of its activities.

The bank's equity capital includes the following:

- 1) authorized (share) capital;
- 2) bank funds created from profits;
- 3) retained earnings.

So, the authorized capital represents the initial capital of a credit organization in monetary terms, fixed in the bank's charter, which is formed from proceeds from the sale of shares, private and public investments. The principles of its formation depend on the organizational and legal form of the bank and are also determined by law.

Equity capital for a credit institution is the core of its activity, which makes it possible to identify its scale and volume of resource attraction. In other words, the bank's activities are largely determined depending on the size and structure of equity capital. According to the method of their accumulation, all raised funds are usually divided into deposits and non-deposit raised funds. A significant part of the attracted resources of a credit institution consists of deposits. The issue of creating resources for credit institutions plays a paramount role, and for banks this issue is more important than for other economic entities. The reason for this is that most of the funds with which the bank operates are funds raised for a fee. This situation creates competition for resources between banks and other financial institutions. The fundamental methods for credit institutions to attract resources on a deposit and non-deposit basis are the following:

- 1) opening and maintaining demand accounts;
- 2) opening correspondent bank accounts correspondents;
- 3) attracting funds from individuals for time deposits and time deposits;
- 4) issue of own debt obligations;
- 5) attracting loans and borrowings from other banks.

For a bank, household funds are a fairly stable resource due to the fact that the types of lending operations and the amount of bank income depend on the nature of deposits. Deposits from the public are also beneficial for the bank because the current deposits of the population show rather low activity in the movement of funds. Passive operations enable a credit institution to accumulate temporarily free funds of individuals, thanks to which the need of economic entities to replenish missing working capital is satisfied, as well as the population's need for loans is met. An important issue when creating an attracted resource base for a credit organization is determining the cost of sources of attraction. Thus, when considering the funds raised by their cost, it is worth distinguishing between cheap and expensive. With this division, demand deposits will act as cheap resources. More expensive funds are usually called time deposits and interbank loans. Dividing the bank's attracted resource base by cost is necessary, since when conducting business it is necessary to focus not only on the volume of funds raised, but also on the amounts spent on their accumulation.

There is no doubt that deposit operations are a fundamental factor in the development and future functioning of a credit institution. As is known, these operations allow banks to attract funds from individuals, thereby providing themselves with resources, which, in turn, can further help the credit institution make a profit by performing other operations using funds raised for deposits.

It is worth noting that deposit transactions can be carried out in any currency. What are the problems of developing deposit operations of banks? A significant problem in using the population's funds in deposits with credit institutions is the income of individuals. A decrease in household wages entails a reduction in the volume of deposits in banks. In this case, the population rarely opens an account with credit institutions. The next problem is high competition in the deposit services market. Today, there are a large number of banks offering clients various conditions, and banks should strive to provide more favorable conditions in order to maintain an advantageous position, i.e., attract as many client funds as possible. Interest on deposits is quite low. This is the next problem for the development of deposit operations. Due to the low return that a bank deposit brings, people sometimes prefer other types of investments. It should be noted that only for 4 years out of the last 15 in the Russian Federation, deposit rates were higher than the inflation rate, which, of course, affects the attractiveness of deposits.

Of course, we should also remember the factors hindering the development of deposit operations. Sometimes they do not depend on credit institutions, which indicates the following: the country is experiencing economic and political instability; the level of inflation can affect the development of deposit operations of banks. Promising and reliable banks will not be able to fully develop and prosper if there is a similar situation in the country, therefore, external factors will negatively affect the activities of credit institutions. Therefore, the situation in the country as a whole can be attributed to the problem of developing deposit operations of banks. Financial illiteracy of the population is also a problem for attracting funds from the population on deposit. This manifests itself in the fact that depositors tend to turn to high-risk banks. They believe that the more favorable the offer, the more reliable the bank, and sometimes because of this they lose their funds. Let us present a diagram of some problems in the development of deposit operations.

There is also a problem of long-term resources in the banking system. Citizens' distrust of banks, depositors' worries, and gaps in knowledge regarding finance lead to depositors withdrawing their funds from credit institutions as soon as possible. As you know, raised funds help credit institutions carry out active operations. The more funds are attracted on a long-term basis, the greater the

number of active operations that banks can carry out. In the case when funds are withdrawn from banks, investment processes do not develop, and the purchasing activity of citizens decreases, which, in turn, negatively affects the country's economy as a whole.

The development of banks' deposit operations can be hampered by a weak sales and service system. Small coverage of the customer base, low income from most products, a fairly low level of sales - all this weakens the sales and service systems. And, of course, the development of deposit operations of credit institutions is hampered by weak marketing. Another problem is the ill-conceived deposit policy of banks. A competent deposit policy is the key to a bank's prosperity. The structure of a credit organization's banking resources depends on the degree of its specialization or universalization, the characteristics of its activities, and the state of the market for loan resources. The main principles for the formation of a bank's resource base are the principle of adequacy of equity capital for its functioning and the principle of matching the nature of bank assets with the specifics of the resources mobilized by it. These principles most broadly reflect the specifics of the resource base of a credit organization and the features of its formation. The resource base created on this basis is capable of ensuring the liquidity and financial stability of the bank.

In order to strengthen the resource base, as well as be able to increase it, a credit organization must a competent deposit policy must be developed. It should be aimed at the interests of investors of different age categories. The credit institution provides depositors with different types of accounts to choose from. In order for a bank to have a competitive advantage regarding deposit operations, it needs to develop profitable deposits, possibly providing benefits to certain categories of citizens. In order to increase their resource base, credit institutions should pay due attention to banking marketing, which is an important component in strengthening the deposit base. The approach to the client, methods of communicating with him, certain advantages for the client when choosing a particular bank, which allows the bank to get ahead in the competition, managing the effectiveness of services - all this constitutes the key techniques of bank marketing. In parallel, in order to make a profit, a credit institution should strive to take care of its clients, which will attract a large number of potential depositors and, therefore, will contribute to the prosperity of the bank. The desire to direct your policy only to make a profit, forgetting about the interests of clients, ignoring their preferences and leaving their needs unnoticed, will be the wrong approach .

To improve deposit policy, it is necessary to pay attention to the following main areas of banking marketing:

- 1) improvement of the organizational structure of the credit organization;
- 2) effective application of price (non-price) characteristics of the deposit product provided;
- 3) promoting deposit products by establishing relationships with depositors, gaining trust and demonstrating concern for the interests of depositors;
- 4) increasing the quality level of deposit products;
- 5) determination of priority clients;
- 6) assigning personal managers to priority clients;
- 7) creation in the bank of a certain division consisting of persons responsible for the promotion and sale of the product;
- 8) setting goals and objectives to improve the approach to depositors to further attract a large number of clients.

Here is a list of actions that can improve deposit policy:

- 1) ensuring insurance of deposits of individuals, increasing the financial stability of the bank by issuing securities (this will increase the amount of equity capital);
- 2) analysis of the savings market, determination of the bank's place in the deposit services market (indicator of household income, volume of customer funds attracted to deposits, analysis of rates offered by other banks);
- 3) increasing the attractiveness of deposits by introducing various accounts with favorable conditions for clients;
- 4) use of advanced technologies (for example, providing the opportunity to open an account without visiting the bank; improving Internet banking);
- 5) good quality of service.

It is necessary to introduce simple and customer-friendly deposit products. It should also be remembered that they should not bring significant costs to credit institutions. You can offer convenient forms of deposit servicing by carefully studying the interests of depositors. We should also not forget that the bank's reputation affects the demand for deposit services, so the bank must take care of securing a good reputation and strive to achieve the status of a reliable bank.

REFERENCE

1. O'zbekiston Respublikasi Prezidentining 2020 yil 12 maydagi "2020- 2025 yillarga mo'ljallangan O'zbekiston Respublikasining bank tizimini isloh qilish strategiyasi to'g'risida" gi PF-5992-sonli Farmoni.
2. O'zbekiston Respublikasining 2019 yil 5 noyabrdagi "Banklar va bank faoliyati to'g'risida" gi O'RQ-580-sonli Qonuni.
3. Raxmanov Z.Ya. Depozit siyosati – bank resurs bazasini mustahkamlashning muhim omili sifatida. "Iqtisodiyot va innovatsion texnologiyalar" ilmiy elektron jurnali, 1-son, 2020 yil, 25-33 b.
4. Raxmatov T.S. Zamonaviy sharoitda O'zbekiston Respublikasi bank xizmatlar bozorining holati. E-journal.uz – ilmiy-nazariy jurnali, 1-son, 2021 yil.
5. Malikova D. METHODOLOGY FOR EFFECTIVE ASSESSMENT OF THE LEVEL OF ECONOMIC SECURITY OF BANKS //Innovative Society: Problems, Analysis and Development Prospects. – 2023. – С. 96-98.
6. Громова Л.С. Особенности формирования привлеченных ресурсов коммерческого банка //Сб. студенческих работ. 2019. № 3. С. 105–113.
7. Харина П.А. Характеристика привлеченных ресурсов банка на современной этапе //Актуальные вопросы. 2018. № 4. С. 39–41.
8. Левченко Т.М., Гончарова Н.А. Оценка риска и доходности портфеля ценных бумаг //Экономика и предпринимательство. 2019. № 6 (107). С. 687–691.
9. Ключанцева К.В. Разработка мероприятий по совершенствованию депозитной политики коммерческого банка //Финансовая грамотность населения. 2019. № 1. С. 62–63.
10. Uralovich, K. S., Toshmamatovich, T. U., Kubayevich, K. F., Sapaev, I., Saylaubaevna, S. S., Beknazarova, Z., & Khurramov, A. (2023). A primary factor in sustainable development and environmental sustainability is environmental education. *Caspian Journal of Environmental Sciences*, 21(4), 965-975. doi: 10.22124/cjes.2023.7155
11. Demiralp, Selva; Preslopsky, Brian & Whitesell, William (2004). "Overnight Interbank Loan Markets". Manuscript Board of Governors of the Federal Reserve. Retrieved from: <http://www.federalreserve.gov/pubs/feds/2004/200429/200429pap.pdf> (10 April 2015).
12. Fricke, Daniel & Lux, Thomas (2014). "Core-Periphery Structure in the Overnight Money Market: Evidence From the e-MID Trading Platform",

Computational Economics, Vol. 45, No. 3, pp.359-395. doi:
<http://doi.org/10.1007/s10614-014-9427-x>.