





## ARTICLE

# Current Issues and Prospects for Improving Deposit Policy in Commercial Banks of Uzbekistan

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## Abstract

This article examines the current state and prospects of deposit policy in commercial banks of Uzbekistan. A comparative analysis was conducted on interest rate dynamics, deposit structures, and their influence on customer behavior, drawing parallels with international practices. The study evaluates the role of deposit policy in strengthening the resource base of banks under conditions of inflation, competition, and regulatory reforms. Empirical data from Uzbek banks as of mid-2025 were analyzed to identify the main challenges, including low public trust, insufficient flexibility of deposit products, and interest rates lagging behind inflation. Based on global best practices, a set of practical recommendations is proposed to enhance deposit policy, improve financial stability, and strengthen customer confidence in the banking system of Uzbekistan.

**Keywords:** Deposit policy, commercial banks, interest rates, resource base, inflation, financial confidence, competition, deposit insurance, banking system

## Introduction

In recent years, reforms in the banking system of Uzbekistan have been aimed at ensuring financial stability in the country, supporting the private sector, and increasing the level of access to financial services [1]. In accordance with the “Strategy for Reforming the Banking System of the Republic of Uzbekistan for 2020-2025”, adopted in 2020, the main directions were identified as making the banking system competitive, reducing the state share, and increasing the share of the private sector [2], [3]. Within the framework of the strategy, it is set to increase the share of the total assets of banks without state shares to 60% by 2025.

At the same time, the development of deposit policy is an important factor in strengthening the resource base of commercial banks, ensuring financial stability, and expanding investment opportunities [4]. This article analyzes the current state, main problems, and prospects of deposit policy.

Level of study. Theoretical and applied research on deposit policy and the formation of bank resources has been widely studied by Uzbek and foreign scholars [5]. In particular, local researchers such as S. Kholikov, Z. Rasulov, and I. Karimova studied issues such as diversification of deposit policies of commercial banks, the formation of interest rates, and the development of bank-client relations.

Internationally, economists such as J. Stiglitz, R. Levine, P. Krugman have expressed sound opinions on the role of bank deposits in economic growth, financial stability and the efficiency of deposit portfolios in a competitive environment [6], [7]. Nevertheless, in the current conditions of the banking system of Uzbekistan, there is a need for comprehensive analytical research on interest rate policy, deposit attractiveness, customer confidence, digital services and the implementation of international experience

## Methodology

The following scientific methods were used in this study:

- Analytical-methodological approach - based on statistical data, the volume of deposits, interest rates and their dynamics were analyzed.
- Comparative analysis - differences between the deposit policies of banks in Uzbekistan and foreign countries were analyzed.
- Inductive method - general conclusions were drawn based on existing conditions.
- Empirical approach - based on data from real banks (as of June 2025), interest rate policy was studied.
- Descriptive method - the main factors of deposit policy and their interrelationships were revealed.

**Main part.** Deposits are the main source of financing for commercial banks, determining the efficiency of their activities. In the experience of Uzbekistan, the share of these resources in recent years has been characterized by steady growth and decline:

- In 2020, the ratio of deposits to bank liabilities was 45.05%;
- In 2021, under the influence of the pandemic, it decreased to 37.2%;
- In 2022–2023, the indicator recovered to 45.4%;
- In 2024, it decreased again, falling to 43.5%.

Internationally, this indicator is usually around 60–70%, which is quite low for Uzbek banks, especially banks with state shares (32.8%).

The following factors significantly affect the efficiency of deposit operations:

- Interest rates: play a decisive role in customer decisions;
- Trust in the banking system: public trust in banks is still relatively low;
- Information transparency: lack of sufficient information on deposit products confuses customers;
- Inflation: leads to a decrease in the real level of profitability;
- Regulatory policy: expectations of stability in the Central Bank policy and the national currency.

**Table 1. Analysis of interest rate policy of commercial banks in Uzbekistan (as of June 2025)**

The table 1 below provides an analysis of the interest rate policies of some banks:

№	Bank name	Interest rate (%)	Term	Filling	Take off
1	TBC Bank	27%	2 years	No	No
2	Xalq bank	23%	2 years	No	No
3	Anorbank	23%	25 months	No	No
4	InFinBank	22%	18 months	Yes	Yes
5	Asia Alliance Bank	22%	2 years	No	No
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According to the results of this analysis:

- The highest rate – 27%: offered by TBC Bank;
- The average group – 22–23%: Asia Alliance Bank, InFinBank, etc.;
- Banks with low rates – 19–21%: Asakabank, Agrobank, etc.

Deposit products with flexible terms (partial withdrawal/replenishment) are becoming more attractive to customers.

#### **International experience: approaches to deposit policy**

The experience of developed countries shows that:

- Deposit rates should be above inflation;
- A deposit insurance system is important in ensuring the confidence of bank customers;
- Digital technologies create openness and convenience in managing deposits;
- A flexible tariff policy is required - an approach based on customer segmentation.

By gradually introducing these approaches in Uzbekistan, it is possible to increase the competitiveness of the banking system.

#### **Proposals for improving deposit policy**

1. Setting interest rate policy in line with inflation - ensuring real positive profitability.
2. Expanding deposit services on digital platforms - remote management and online solutions.
3. Increasing information transparency - interest calculation formulas and conditions should be simplified.
4. Developing the insurance system - in order to strengthen public confidence.
5. Introducing loyalty programs - rewards depending on the size and term of the deposit.

## **Results and Discussion**

1. The stable operation of commercial banks relies mainly on the resource base formed at the expense of deposits. In 2020, the ratio of deposits to bank liabilities in commercial banks was 45.05%, but in 2021 it decreased to 37.2% [8], [9], [10]. In 2022, this indicator recovered to 45.4%, but in 2024 it fell again to 43.5%.

The main problems in improving deposit policy are:

- Low public confidence in the banking system;
- Interest rates below inflation;
- Insufficient flexibility of existing deposit products;
- Uneven interbank competition;
- Low customer awareness.

As of June 2025, deposit interest rates in banks range from 19% to 27%. The highest rate is offered by TBC Bank (27%). Most banks have interest rates around 21–23%, but there is no possibility of partial replenishment and withdrawal among them.

Grouping of banks by rates:

- High interest (23–27%): TBC, Xalq Bank, Anorbank
- Medium interest (21–22%): Agrobank, Asia Alliance, Trustbank

- Low interest (19–20%): Asakabank, Ziraat Bank

High interest rates are perceived by customers as a source of trust and income. At the same time, flexibility - that is, the ability to partially add money to the deposit or withdraw funds - is an important factor for customers [11], [12].

In developed countries, deposits account for 60–70% of bank liabilities. This is influenced by several factors:

- State guarantee of deposits;
- High interest rates and real profitability;
- Development of digital banking services;
- High financial literacy of the population.

For example, in Germany, 95% of savings deposits are guaranteed; in South Korea, additional bonuses are offered to interest rates. In Uzbekistan, deposit resources can be increased by adapting these experiences to local conditions [13].

Proposals and recommendations

Based on the study, the following practical proposals are put forward:

1. Aligning interest rates with the real inflation rate - it is necessary to ensure real positive profitability for customers.
2. Expanding flexible deposit products - increasing the possibility of partial withdrawals and replenishment [14], [15].
3. Strengthening the support of deposits with state guarantees - increasing customer confidence.
4. Strengthening healthy interbank competition - through products designed for different segments.
5. Developing digital services for deposits - providing services through mobile applications, online management and chatbots.

## Conclusions

The research confirms that deposit policy is a key driver of the financial stability and competitiveness of commercial banks in Uzbekistan. Although the share of deposits in bank liabilities has shown partial recovery after the pandemic, it remains below international benchmarks. Key issues include low public confidence, rigid deposit terms, and the gap between interest rates and inflation. Addressing these challenges requires reforms focused on aligning deposit returns with inflation, expanding flexible deposit products, strengthening state guarantees, and promoting digital banking services. By adopting international best practices and tailoring them to the national context, commercial banks in Uzbekistan can significantly expand their deposit base, increase customer trust, and ensure long-term stability of the financial system.

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