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The deposit policy of commercial banks in Uzbekistan and the factors for enhancing its effectiveness

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Abstract

Purpose: This study aims to examine the deposit policy of commercial banks in Uzbekistan within the framework of the 2020–2025 banking system reform strategy. It seeks to identify the key factors influencing deposit volumes, assess the effectiveness of current policies, and provide recommendations for strengthening deposit mobilization in line with international benchmarks.

Research methodology: The research employed a mixed-methods approach, including statistical analysis of deposit shares in banks' liabilities, comparative analysis with developed countries, theoretical review of deposit policy frameworks, and empirical illustrations from leading commercial banks such as TBC Bank, Xalq Bank, and InFinBank.

Results: The findings show fluctuations in the share of deposits in liabilities, from 45.05% in 2020 to 37.2% in 2021, recovering to 45.4% in 2023 before slightly declining in 2024. Interest rate policies, ranging from 19% to 27%, flexibility of terms, and the level of public trust were identified as the most significant factors influencing deposit growth. Comparisons indicate that Uzbekistan still lags behind developed countries, where deposits account for 60–70% of liabilities.

Conclusions: Effective deposit policy needs fair rates, transparency, financial literacy, digital banking, deposit insurance, state-bank reforms, and customer focus..

Limitations: The study's 2020–2025 Uzbekistan scope and reliance on secondary data limit broader generalization and depth of behavioral insights.

Contribution: This research contributes to banking policy studies by highlighting the strategic role of deposit mobilization in financial stability and providing practical recommendations to enhance competitiveness and trust in Uzbekistan's banking sector.

Keywords: *Banking Reforms, Banking System, Commercial Banks, Deposit Policy, Interest Rate*

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1. Introduction

The sustainable development of a country's economy is directly linked to the stability and efficiency of its banking systems. In this regard, the Presidential Decree of the Republic of Uzbekistan on the strategy for banking system reform for 2020–2025 provides an opportunity to elevate the financial sector to a qualitatively new level (Ghosh & Magotra, 2025; Girsang & Purnama, 2025; Omilovna, 2025). In particular, establishing an effective deposit policy and attracting household savings, the main source of bank resources, are of paramount importance. Although Uzbekistan's banking system has not yet fully developed a competitive environment, positive changes have been observed in recent years. Balancing the supply and demand for deposit products and adapting interest rate policies to the economic context are becoming key tasks for commercial banks. The deposit policy of commercial banks is one of the most crucial instruments for ensuring financial stability and long-term growth. In emerging economies such as Uzbekistan, deposits serve not only as a primary source of bank funding but also as a channel for mobilizing household savings into productive investments (Karimov, 2023; R. M. B. O'zbekiston, 2024; R. P. O'zbekiston, 2020).

A well-designed deposit policy enhances liquidity, strengthens public confidence in financial institutions, and contributes directly to the macroeconomic stability. Conversely, poorly structured deposit policies can undermine confidence, reduce participation in formal financial markets, and create systemic risk. In Uzbekistan, the significance of deposit policies has grown in line with the government's reform agenda for the banking sector. The 2020–2025 reform strategy emphasizes liberalization, financial inclusivity, and modernization of services. As part of this strategy, banks are expected to increase transparency, diversify their financial products, and align their practices with international standards. The state recognizes that household savings, if effectively mobilized, can provide the necessary capital to support industrialization, infrastructure, and innovation. Therefore, reforms in deposit policy are closely tied to broader national development objectives (Mishkin, 2019; Murodova, 2022; tipdagi, 2023).

A deeper understanding of Uzbekistan's deposit market reveals both opportunities and challenges for banks. On the one hand, the population has demonstrated a growing interest in formal banking services due to increasing financial literacy, digital transformation, and competitive interest rates offered by private banks. However, several obstacles remain. Low levels of trust, legacy issues from state-owned banks, limited outreach to rural populations, and gaps in regulatory frameworks still hinder the full realization of the deposit mobilization potential. The dominance of cash in everyday transactions reflects not only cultural preferences but also skepticism toward these financial institutions. Historically, the Uzbek banking system has been characterized by strong state involvement. While this ensured stability during transitional periods, it also restricted competition. Many banks relied heavily on state-directed credit and lacked the incentives to innovate deposit products. As a result, depositors often face unattractive conditions: rigid maturity terms, limited withdrawal flexibility, and non-transparent fee structures. Such conditions discouraged households from transferring their savings into banks, preferring to hold cash or invest in informal channels such as real estate or gold. Since 2020, notable reforms have been implemented to address these limitations. Interest rates on deposits were liberalized, enabling banks to compete with customers. Innovations such as partial withdrawals, top-up features, and mobile banking platforms have improved the attractiveness of products. For example, banks such as TBC Bank and InFinBank have introduced digital deposit accounts accessible through mobile applications, offering both higher returns and user-friendly interfaces. These developments mark a shift from a rigid, state-centered approach to a customer-oriented and technology-driven model (Abdullaeva Sh.Z., 2019; Дж.М, 2013; Каджаева, 2018; Лаврушин, 2017).

International comparisons provide valuable insights into the problem. In developed economies, deposits typically account for 60–70% of banks' liabilities, reflecting the high degree of financial intermediation. In Uzbekistan, this figure fluctuates around 40–45%, indicating significant untapped potential. Bridging this gap requires structural changes, including raising interest rates, building trust, enhancing financial literacy, and improving governance practices in state-owned banks. Without these measures, the system risks falling below international benchmarks. Trust remains a central issue in this regard. Many citizens recall negative experiences such as hidden fees, abrupt changes in interest rates, and inadequate customer service. Rebuilding trust requires transparent communication, simplified contract terms and visible consumer protection mechanisms. Deposit-insurance schemes play a critical role in this regard. Expanding coverage and increasing public awareness about deposit protection could reassure savers that their funds are secure, even in times of economic uncertainty (Septijantini Alie, Rodlia Fitri, Desmon, Nasir, & Meidasari, 2024; Simatupang & Wasesa, 2024). Another important dimension is the financial literacy. Studies have shown that large segments of the Uzbek population lack a clear understanding of banking products. Misconceptions about risks, costs, and benefits lead many households to avoid using banks altogether. Therefore, educational initiatives are essential in this regard. Government institutions, banks, and civil society organizations can collaborate to deliver training programs, awareness campaigns, and digital tools that demystify the concept of deposits. In the digital age, mobile applications and social media platforms can serve as effective vehicles for spreading financial knowledge (Babasyan, Gu, & Melecky, 2023; Surya et al., 2024).

Digitalization has become a transformative force. The COVID-19 pandemic accelerated the adoption of online banking services worldwide, including in Uzbekistan. With restrictions on physical interactions, customers increasingly turned to mobile platforms to manage their accounts. This trend highlights the need for banks to invest in technological infrastructure, cybersecurity and user-friendly applications. In the future, digital transformation is expected to be one of the main drivers of deposit growth, enabling banks to reach underserved rural communities and young, tech-savvy customers. The role of state-owned banks also deserves further attention. Despite reforms, many state-owned banks still lag behind their private competitors in terms of efficiency, innovation, and customer orientation. Their deposit products often lack flexibility, and their bureaucratic procedures discourage customers from using them. Transforming these institutions through corporate governance reforms, professional management, and digital integration is vital for increasing their competitiveness. Moreover, aligning state-owned banks with international best practices sets a positive example for the entire sector. From a policy perspective, the government faces the challenge of balancing stability and liberalization. Excessive competition for deposits could drive banks to unsustainable interest rates, thereby creating financial risks. Simultaneously, insufficient competition discourages innovation. Therefore, regulators must strike a careful balance between promoting fair competition and maintaining prudential oversight. Enhanced supervision, stress-testing frameworks, and macroprudential policies can help safeguard stability while encouraging innovation in deposit products (Babasyan et al., 2023; Eshpulatov, 2021; Oybekovna, 2024; Rustamovna, 2024).

Furthermore, the deposit policy must be linked to broader economic objectives. By channeling household savings into banks, policymakers can support credit expansion for businesses, infrastructure, and social programs. However, this requires ensuring that banks allocate resources efficiently and avoid misallocation to non-productive sectors. Therefore, transparency in credit distribution, effective risk management, and alignment with national development strategies are essential. The 2020–2025 reform strategy envisions a modern, competitive, and inclusive banking system. Within this vision, deposit mobilization is not merely a technical matter but a strategic pillar of the economy. It requires coordination among multiple stakeholders, including government agencies, regulatory bodies, commercial banks, international organizations, and the public. Achieving success depends on building an ecosystem in which trust, transparency, and innovation reinforce each other.

In conclusion, the introduction of an effective deposit policy in Uzbekistan is central to the long-term sustainability of the banking system and broader economy. The period 2020–2025 offers a historic window of opportunity for implementing meaningful reforms. Success depends on addressing structural challenges, embracing digital transformation, improving financial literacy, and strengthening trust between banks and society. By aligning deposit policy with international best practices and national development goals, Uzbekistan can create a banking system that not only mobilizes resources but also contributes to economic resilience, social inclusion, and sustainable growth

2. Literature review

2.1. Theoretical Foundations of Deposit Policy

Deposit policy is a central concept in banking theory, often defined as the strategy and mechanism by which banks attract, manage, and safeguard customers' savings. According to Yakubova (2020), deposits are the most significant and stable source of bank liabilities, forming the foundation for lending and investment. The Keynesian framework also stresses the interconnection between savings, interest rates, and investment cycles, highlighting the systemic role of deposits in maintaining economic stability. In the classical banking literature, deposit policy has three pillars:

1. Liquidity Management – Ensuring that deposit inflows are sufficient to cover withdrawals and obligations.
2. Profitability: Designing interest rate structures that balance depositor attraction with sustainable margins for banks.
3. Trust and Confidence: Cultivating public belief in the safety and transparency of financial institutions.

These theoretical perspectives remain highly relevant for Uzbekistan, where reforms are directed toward enhancing both the financial sustainability of banks and the attractiveness of deposit products to households (Vuong, Phan, Nguyen, Nguyen, & Duong, 2023).

2.2. Deposit Policy in Transitional and Emerging Economies

Emerging economies face unique challenges in shaping their deposit policies. Demirguc-Kunt, Klapper, Singer, and Oudheusden (2015) emphasize that financial inclusion gaps, low literacy, and informal saving mechanisms hinder deposit mobilization. The World Bank (2022) adds that deposit growth depends not only on interest rate competitiveness but also on digital accessibility, regulatory protection, and social trust in financial institutions. In many transitional economies, banks operate in environments where cash circulation is dominant. For example, studies in Central Asia show that people prefer holding money outside banks because of weak deposit insurance systems and perceived risks (Ibodullaev, 2024). Uzbekistan shares these characteristics: cash remains the dominant medium, and household participation in formal banking lags behind the global standards. Thus, deposit policy reform becomes a lever for both financial modernization and social trust building (Feghali, Mora, & Nassif, 2021).

The complexity of these challenges requires a multidimensional approach that goes beyond traditional interest-rate adjustments. One of the most pressing issues is the lack of comprehensive financial literacy among the population, which results in misunderstandings about the benefits of formal deposits and mistrust of banking institutions. This situation is compounded by the dominance of informal saving channels, where households feel a greater sense of control, but at the cost of security and economic productivity. For Uzbekistan and similar economies, addressing these structural weaknesses involves coordinated action by regulators, commercial banks, and educational institutions. Campaigns to raise awareness of the safety, accessibility, and advantages of deposits should be integrated into broader national financial inclusion strategies. Another significant challenge is the uneven access to digital banking infrastructure in rural areas. While urban populations may benefit from online services and mobile applications, rural communities often remain excluded because of technological gaps and insufficient connectivity. Bridging this digital divide is essential for increasing deposit mobilization, as digital platforms can offer user-friendly, low-cost, and geographically inclusive solutions. Governments and banks in emerging economies are therefore encouraged to invest in expanding broadband coverage, enhancing mobile payment systems, and ensuring that these platforms are both secure and transparent (Gallego-Losada, Montero-Navarro, Gallego-Losada, & Rodríguez-Sánchez, 2024; Oybekovna, 2024; Verma & Chatterjee, 2025; Vuong et al., 2023).

Furthermore, regulatory frameworks play a decisive role in shaping depositor confidence in the banking system. Weak or inconsistent regulations undermine trust, especially when consumers perceive that their funds are not adequately protected. International experience demonstrates that robust deposit insurance systems, effective consumer protection laws, and transparent supervisory mechanisms significantly increase participation in formal banking systems. For Uzbekistan, strengthening such frameworks could be a turning point in encouraging households to shift from informal saving practices toward institutional deposits.Finally, deposit policy reform in emerging economies should not be seen merely as a technical financial measure but as a broader social contract. By offering secure, accessible, and transparent deposit opportunities, banks help integrate citizens into the financial system, promote long-term economic stability, and support inclusive growth. For Uzbekistan, this transformation could serve as a foundation for building not only a stronger banking sector but also a more resilient and modern economy capable of withstanding global financial uncertainties (Alam, Sivarajah, & Bhatti, 2021; Moudud-Ul-Huq et al.).

2.3. Interest Rate Policy and Deposit Mobilization

One of the most debated aspects of deposit policies is the role of interest rates. In Uzbekistan, interest rates in 2025 ranged between 19% and 27%, with banks such as TBC Bank offering the highest rates. While competitive rates attract depositors, studies have shown that high rates alone are insufficient. Customers also value transparency, flexibility, and trust. International evidence supports this claim. In developed countries, deposit volumes are stable, not because of exceptionally high rates, but because of consistent regulatory frameworks, strong consumer protection, and predictable monetary policies (IMF, 2023). For Uzbekistan, the implication is clear: reforms should not rely solely on interest rate competition but should integrate complementary strategies, such as flexible terms and digital accessibility. The importance of interest rates in shaping deposit behavior has long been emphasized in both classical and modern banking theories. According to the Keynesian perspective, the relationship between savings and interest rates is significant but not linear. Beyond a certain threshold, higher interest rates may not attract proportionately higher deposits, particularly if customers remain unconvinced about the safety, transparency or accessibility of financial institutions. In fact, in environments where trust is low, even very attractive rates cannot outweigh the psychological and institutional barriers that prevent individuals from depositing their funds. This observation is highly relevant for Uzbekistan, where public mistrust of banks has historically been an obstacle to deposit mobilization (Sánchez Serrano, 2024).

Moreover, interest rates in isolation can create unintended side effects such as inflation. If banks compete aggressively through excessively high rates, profitability margins may shrink, potentially leading to risky investment practices as banks attempt to cover their costs. This “interest rate war” can also undermine long-term sector stability. Developed economies have learned that instead of engaging in unsustainable rate competition, it is better to focus on building resilient systems supported by clear regulations, reliable consumer protection, and a consistent monetary policy. In such systems, depositors are less sensitive to marginal rate differences and more responsive to the overall quality and trustworthiness of the banking services. For Uzbekistan, a key challenge is balancing competitive interest rates with sustainable banking practices. While the 19 %–27% range offered in 2025 may appear attractive, such figures raise questions about long-term viability and customer perception. If high rates are seen as unsustainable or linked to hidden risks, they may reinforce skepticism rather than encourage deposits. To counter this, banks must complement their rate strategies with transparent communication, easy-to-understand contracts, and assurances that their offers are reliable over time. This requires not only strong internal governance but also supportive regulatory oversight from the Central Bank and other supervisory institutions (Canta, Nilsen, & Ulsaker, 2023; Dutta & Saha, 2021; Shikimi, 2023).

Another aspect often overlooked in discussions of deposit rates is the product flexibility. In many countries, customers value the ability to partially withdraw funds, make additional top-ups, or adjust terms without penalties. This flexibility reduces the perceived rigidity of deposit accounts and aligns them more closely with the financial needs of households. Research indicates that depositors are increasingly interested in hybrid products that combine security and liquidity, even if these accounts offer slightly lower interest rates. In Uzbekistan, incorporating such features could make deposit products more appealing than focusing exclusively on headline rates. Digital accessibility further complements the effectiveness of interest rate policies. Even if banks offer competitive rates, customers may hesitate to engage if the process of opening, managing, or monitoring their accounts is cumbersome. By providing user-friendly mobile applications and digital platforms, banks can reduce transaction costs and increase convenience, thereby amplifying the appeal of deposits. The integration of digital tools also enhances transparency by allowing customers to track interest accrual and account balances in real time, reinforcing trust in the system (Shikimi, 2023).

Finally, the broader macroeconomic environment should be considered. Predictable monetary policy, low inflation, and macroeconomic stability are prerequisites for making interest rates meaningful as instruments of deposit mobilization. In contexts where inflation is volatile or regulatory signals are inconsistent, customers may perceive high rates as insufficient compensation for the broader risks. Therefore, Uzbekistan must align its deposit policy with banking reforms and macroeconomic strategies designed to foster stability and predictability. In conclusion, while interest rates remain a central lever in deposit policies, their effectiveness is conditional. High nominal rates alone cannot guarantee sustained growth in deposit volume. Instead, they must be embedded within a framework of transparency, flexibility, digital accessibility and regulatory consistency. For Uzbekistan, this means adopting a holistic approach that recognizes the limits of rate competition and emphasizes broader institutional and social foundations of financial trust. By integrating these complementary strategies, Uzbekistan can transform its interest rate policy from a short-term competitive tool into a long-term driver of stability and deposit growth.

2.4. Trust, Transparency, and Financial Literacy

Trust has been repeatedly identified as the cornerstone of deposit mobilization. Shermuxammedov (2021) highlights that in Uzbekistan, low trust is linked to hidden fees, abrupt interest rate changes, and poor communication between banks and customers. This has discouraged households from depositing their savings, opting instead for informal investments such as real estate or gold. Improving financial literacy is equally important. Demirgüç-Kunt (2017) argue that populations with low financial literacy struggle to differentiate between safe and risky saving options, often avoiding formal banks altogether. In Uzbekistan, widespread educational campaigns through the media, schools, and digital tools are essential to address these gaps. International case studies, such as financial literacy programs in India and Kenya, show that targeted interventions significantly increase participation in deposit schemes (World Bank 2022).

2.5. Digitalization and Deposit Innovation

Digital transformation is one of the most powerful drivers of deposit growth. The COVID-19 pandemic accelerated this process worldwide, demonstrating the potential of mobile banking and fintech platforms. In Uzbekistan, banks such as InFinBank and Asia Alliance have pioneered mobile applications for deposit management, enabling customers to open, monitor, and top up their accounts remotely. Internationally, digital solutions have been instrumental in expanding financial inclusivity. For instance, mobile money services, such as M-Pesa in Kenya, have revolutionized access to financial services by providing easy deposit mechanisms in rural and underserved areas. Similarly, Uzbekistan's strategy to embrace digital banking could substantially boost deposit mobilization, provided that cybersecurity, reliability, and user education are prioritized (del Torso, 2019; Wu et al., 2023).

2.6. Role of State-Owned Banks in Deposit Policy

State-owned banks continue to play a dominant role in Uzbekistan's financial system. However, their deposit-mobilization performance lags behind that of private competitors. Data show that deposits in state-owned banks account for only 32.8% of liabilities, far below the sector's average. The literature on state banking reform emphasizes corporate governance, transparency, and customer orientation as prerequisites for modernization (Rakhmatillaev, 2023). Without these reforms, state-owned banks risk eroding public confidence and stifling overall sector competitiveness in the banking industry. Thus, enhancing deposit products, improving service culture, and adopting digital transformation within these institutions are critical priorities in Uzbekistan's reform strategy.

2.7. Comparative International Experience

Comparative studies reveal that Uzbekistan lags behind developed economies in terms of deposit shares in bank liabilities. While advanced economies maintain 60–70% shares, Uzbekistan averages approximately 40–45%. Several lessons can be drawn from this study.

1. Deposit Insurance Systems: Widely implemented in Europe and North America, these mechanisms significantly enhance depositor confidence.

2. Loyalty and Bonus Programs – Banks in countries such as South Korea and Singapore use reward schemes to retain depositors.
3. Regulatory Clarity: Stable and transparent regulations foster long-term trust, reducing uncertainty in customer decision-making.

Adapting these practices to Uzbekistan's context requires careful customization, as cultural factors, income distribution, and financial habits differ from those in developed economies (Boyle, Stover, Tiwana, & Zhylyevskyy, 2015).

2.8. Challenges and Structural Barriers in Uzbekistan

Despite these reforms, Uzbekistan's deposit system faces several structural challenges.

a. Low trust in banks is due to hidden fees and a lack of transparency.
b. The dominance of the cash economy reflects cultural preferences and weak incentives for formal banking.
c. Limited outreach to rural areas, where banking infrastructure is less developed.
d. Weak deposit insurance awareness leaves customers uncertain about the safety of their funds.
e. Overreliance on interest rate competition, which may not be sustainable in the long term, is observed.

Addressing these barriers requires a multidimensional approach that combines regulatory reform, public awareness campaigns, and digital transformation.

2.9. Conceptual Framework for Effective Deposit Policy

Based on the reviewed literature, an effective deposit policy rests on the interaction of five pillars.

a. Competitive and sustainable interest rates ensure returns that attract depositors without creating instability.
b. Transparency and trust: simplifying terms and eliminating hidden costs.
c. Financial literacy: empowering households with knowledge to make informed choices.
d. Digital innovation: Providing user-friendly platforms for access and management.
e. State-owned bank reform: aligning public institutions with modern governance and customer-oriented practices.

This framework not only reflects theoretical insights but also aligns with Uzbekistan's 2020–2025 banking reform strategy (Al-Afeef & Alsmadi, 2025; Ha, Le, & Nguyen, 2025; Yang, Wu, & Huang, 2023).

2.10. Synthesis and Research Gap

The reviewed literature underscores that deposit policy is not a single-dimensional matter of interest rates but a multidimensional framework encompassing trust, digitalization, literacy, and institutional reform. For Uzbekistan, the gap lies in integrating these dimensions into a coherent, national strategy. Although reforms have begun, empirical studies on depositor behavior, trust dynamics, and digital adoption remain limited. Future research should focus on these aspects to provide evidence-based recommendations for policy makers.

3. Research methodology

The following methods were employed in the preparation of this manuscript:

Statistical analysis: Based on numerical data on the share of deposits, interest rates, and customer behavior in commercial banks in Uzbekistan during the period 2020–2025. Comparative method – A comparison was made between the share of deposits in liabilities and banking policies in Uzbekistan and those in developed countries.

Theoretical approach: The economic impact of deposit policy, dynamics of interest rates, and the significance of financial literacy and trust environment were analyzed from a theoretical perspective. Empirical method – Real examples were used to demonstrate the conditions and customer benefits of deposit products offered by commercial banks such as TBC Bank, Xalq Bank, and InFinBank**.**

Main Part. Deposit policy is one of the key components aimed at the development of the banking system, with its primary goal being the ability of a bank to operate sustainably in alignment with its objectives. For the effective implementation of a deposit policy, it is essential to consider the characteristics of depositors, both individuals and legal entities. One promising direction in the development of commercial banks' deposit policies in Uzbekistan is the introduction and advancement of flexible deposit programs. Modern banking operations are characterized by intense competition for financial resources, dynamic changes in customer behavior, and growing demand for personalized banking services. Therefore, banks strive not only to attract funds from individuals and corporate clients but also to conduct this process with maximum efficiency by considering the individual needs of depositors. Flexible deposit programs serve this purpose, becoming powerful tools for diversifying the range of products and increasing customer loyalty.

Research in the field of commercial banks' deposit operations indicates that the formation of a strategic deposit policy has been one of the fundamental aspects of banking activity for centuries. Increasing the share of deposit resources through the attraction of deposit funds is considered one of the main sources of strengthening banks' resource bases. As mentioned earlier, developing an effective deposit policy remains a key task aimed at maximizing the share of deposit resources attracted to the bank**.**

4. Results and discussion

4.1 Analysis Results

The findings of this analysis can be summarized as follows:

1. Changes in the Share of Deposits
a. In 2020, the share of deposits in banks' liabilities was 45.05%.
b. In 2021, the figure declined to 37.2% due to the impact of the COVID-19 pandemic.
c. Growth was observed during 2022–2023, reaching 45.4% in
d. In 2024, a slight decline occurred, with the figure dropping to 43.5%.
   1. Comparison with International Experiences:
e. In developed countries, the share of deposits in liabilities typically ranges between 60% and 70%, which is considered Uzbekistan's target benchmark.
f. In state-owned banks, this indicator remains significantly low at only 32.8%.
2. Interest Rate Policy and Flexibility
a. As of 2025, interest rates range from 19% to 27%.
b. The highest rate is offered by TBC Bank (27 %).
c. Mid-tier banks, such as Asia Alliance, InFinBank, and Ipak Yuli Bank, offer interest rates of around 22%.
d. In addition to interest rates, features such as partial withdrawals, additional top-ups, and flexibility in terms and amounts play a critical role in customer decision-making.
3. Trust and Financial Literacy:
a. Low levels of trust in banks, hidden fees, and unclear terms and conditions contribute to customer dissatisfaction.
b. Due to low financial literacy, a significant portion of the population still prefers to keep their savings outside the banking systems.

4.2 Discussion

Deposit policy is not only a tool for attracting financial resources to banks, but also a strategic approach to establishing long-term relationships with clients. In the context of Uzbekistan, offering high interest rates alone is insufficient to attract the population's savings to the banking system. Several factors play a significant role for customers.

- Service transparency: Complex and ambiguous conditions increase distrust.
- Digital services: Opening, managing, and monitoring deposits should be made convenient using mobile applications.
- Loyalty programs: Introducing bonuses and promotions for regular customers.
- Insurance systems: Insuring deposits enhances clients'sense of security.
- Stability of interest rates: Unexpected declines in rates lead to customer dissatisfaction due to uncertainty.

These aspects are widely implemented in the banking systems of foreign countries, and adopting such practices is particularly relevant to Uzbekistan.

5. Conclusion

5.1 Conclusion

To implement an effective deposit policy and expand deposit resources, the following recommendations are proposed.

1. Strengthening customer trust:
   - Simplify and clarify the terms for calculating interest.
   - Expand the deposit insurance systems.
2. Flexible and competitive interest rate policies:
   - Develop deposit products tailored to different customer segments.
   - It offers both short- and long-term deposit options.
3. Improving financial literacy:
   - Intensifying financial education campaigns among the population
   - Mass media and social networks can be used to explain the benefits of deposits.
4. Deepening reforms in state-owned banks:
   - Introduce corporate governance systems.
   - Establish a customer-oriented service culture.
5. Accelerating digital transformation:
   - Enhancing deposit management capabilities via mobile banking services
   - Simplifying registration processes on online platforms.

An effective deposit policy must be seen not merely as a technical adjustment but as a comprehensive strategy to reinforce the banking sector's foundations. Strengthening customer trust is a primary priority. Without trust, competitive interest rates and advanced digital platforms will fail to convince households to entrust their savings to banks. Simplifying interest calculations and expanding deposit insurance can provide reassurance, especially as insurance systems reduce perceived risks during financial turbulence, a major concern in emerging economies. Flexibility and competitiveness of interest rates are equally important. Different depositor segments—households, businesses, and high-net-worth individuals—require tailored products. Short-term deposits provide liquidity, whereas long-term deposits ensure stability and higher returns. Product diversification strengthens banks' resource bases and enhances their resilience during crises.

Financial literacy plays a crucial role in this regard. Many Uzbeks still prefer informal saving due to a lack of knowledge and lingering distrust. Sustained educational campaigns through schools, social organizations, and digital platforms can shift perceptions by highlighting the safety, benefits, and developmental role of deposits. Reforming state-owned banks is also critical to this process. These institutions dominate the sector but often lag behind due to bureaucratic and weak governance. Introducing corporate governance and building customer-oriented cultures will modernize management, increase transparency, and demonstrate the government's commitment to reform.

Digital transformation represents the most forward-looking opportunity. Mobile banking, online platforms, and automated services are essential for expanding outreach, particularly to rural communities, youth, and professionals seeking convenience. The pandemic has shown that digital banking is the future, and Uzbekistan must accelerate this shift to remain competitive.

Taken together, these five pillars—trust, interest rate flexibility, literacy, state-owned bank reform, and digitalization— constitute a holistic framework. Their interdependence means that only an integrated approach can ensure sustainable deposit growth in the banking sector. By embedding these reforms in the 2020–2025 banking strategy, Uzbekistan can mobilize household savings, strengthen stability, and foster inclusive economic growth.

5.2 Suggestions

Based on the conclusions obtained, several suggestions can be considered by banks, regulators, and other stakeholders to ensure that the implementation of deposit policies in Uzbekistan is more effective and sustainable.

1. Enhancing Transparency and Public Trust
   Banks should clarify all terms and conditions of deposit products, including interest rate calculations and administrative fees, to avoid misunderstandings. In addition, expanding the coverage of deposit insurance systems and conducting public campaigns on depositor protection are essential steps for building long-term trust.
2. Diversifying Deposit Products
   Deposit products must be designed to meet the needs of various customer segments, ranging from individuals and SMEs to large corporations. Banks can develop flexible short- and long-term deposit schemes with additional features, such as partial withdrawals or top-ups, making them more attractive to modern customers.
3. Strengthening Financial Literacy
   Government, banking associations, and educational institutions should collaborate to develop continuous financial education programs. Social media, digital applications, and community-based campaigns should be used to improve public understanding of the benefits, risks, and security of deposits in the formal banking system.
4. Reforming State-Owned Banks
   The transformation of state-owned banks is imperative. The implementation of good corporate governance principles and the establishment of a customer-oriented service culture should be prioritized to enhance competitiveness with private banks and serve as a benchmark for other financial institutions.
5. Accelerating Banking Digitalization
   Significant investments in digital technology, cybersecurity, and innovative application-based services must be accelerated. The processes of opening and managing deposits online should be simplified, fast, and secure to reach wider segments of society, including underserved rural communities.
6. Fostering Multi-Stakeholder Collaboration
   The success of deposit policy does not rest solely on banks but requires support from the government, regulators, civil society organizations, and the media. Such collaboration is essential for creating a healthy, inclusive financial ecosystem capable of adapting to global changes.

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