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Development Trends in Deposit Operations of Commercial Banks in Uzbekistan: Analysis for 2017–2025

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Abstract: This article analyzes the development trends of deposit operations in commercial banks of Uzbekistan from 2017 to 2025. Statistical data on deposit volumes, structure, interest rates, and the diversity of deposit products are examined. The research explores factors contributing to the increasing trust of individuals and legal entities in the banking system, as well as their growing financial literacy. The impact of Uzbekistan's legislation and the policies of the Central Bank on the expansion of the deposit base is assessed. The study indicates that the volume of total deposits in commercial banks has increased significantly, with notable growth stages observed between 2017 and 2025. The paper highlights the importance of diverse deposit products offered by banks, including demand, term, and savings deposits, with specific attention to their interest rates and market trends. It is found that while legal entities hold a larger share of deposits, the participation of individuals has also increased, reflecting greater financial literacy and trust in the banking sector. The analysis suggests that the Central Bank's interest rate policy has played a crucial role in encouraging deposits in national currency while maintaining low interest rates on foreign currency deposits. Based on the findings, the article proposes recommendations for improving deposit policies, including further diversification of deposit products and enhancing customer financial education.

Keywords: Commercial banks, deposit operations, deposit volumes, interest rates, financial stability, savings, financial literacy, banking policy, bank deposits

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1. Introduction

In the modern economy, one of the most important tasks facing commercial banks is to attract free funds of the population and business entities to the banking system. This process is an important factor in ensuring financial stability in the country, increasing investment activity, and supporting the long-term development of the banking system. This issue is also relevant for the Republic of Uzbekistan, and measures aimed at expanding the deposit base by commercial banks and the Law "On Guarantees for the Protection of Deposits in Banks" adopted on February 18, 2025 (No. ZRU-1031) are being defined as one of the priority areas of economic policy.

Level of study. The theory and practice of deposit operations have been studied by many domestic and foreign scientists. In particular, scientific developments in this area were created by such researchers as Kurochkin K.A., Zernova L.E., Arutyunyan A.A., Balabanova I.T., Kolesnikova V.I., Perehozhev M.V., Plotnikova S.A., Gamzatova I.A., Ulichkina M.S., Gomboeva A.N., Postnikova L.V., Malikova D.M.[1].

Main part. Deposit policy of commercial banks is an important factor in the formation of the financial resource base of banks. An effective deposit policy serves not

only to attract customer funds, but also to rationally place them, which helps to increase the financial stability of the bank and strengthen its competitiveness in market conditions[2].

One of the main aspects of deposit operations is the variety of products offered by banks. The most common are:

- Demand deposits - designed for daily operations and provide quick access to funds. They usually have no interest or very low interest rates.
- Term deposits - designed for the formation of long-term savings, are characterized by high interest rates, but there are some restrictions.
- Savings deposits - for customers who want to receive a moderate income, interest rates are higher than on demand accounts, lower than on term deposits.

2. Materials and Methods

The study employs a comprehensive approach to analyze the deposit operations of commercial banks in Uzbekistan from 2017 to 2025. It utilizes both qualitative and quantitative methods to examine the statistical data available from the Central Bank of the Republic of Uzbekistan's annual reports, as well as publicly accessible data from commercial banks. The methodology involves the following key steps:

1. Data Collection: Primary data was collected from the Central Bank's official reports, the annual financial statements of commercial banks, and publicly available datasets.
2. Graphical Analysis: Graphical tools were used to illustrate the trends in deposit volumes, interest rates, and the diversity of deposit products over the research period.
3. Inductive Reasoning: The study draws general conclusions from specific observations, particularly regarding the factors influencing the growth of trust in the banking system and financial literacy.
4. Comparative Approach: Data from different years were compared to identify patterns in the growth rates of deposits, distinguishing between deposits by individuals and legal entities.
5. Synthesis: The research integrates findings from various sources to provide a holistic view of the development trends in deposit operations and the policies that shaped these trends.

By utilizing these methods, the study aims to provide a thorough understanding of the factors driving the changes in the deposit base of commercial banks in Uzbekistan, while also offering recommendations for further improvement in deposit policies[3].

3. Results

Between 2017 and 2025, the total volume of deposits in commercial banks of Uzbekistan saw an exceptional increase of nearly 8 times, growing from 40 trillion soums in 2017 to over 310 trillion soums by 2025. This remarkable growth highlights the strengthening of the banking system and the increased trust that individuals and legal entities have in it[4].

Growth Stages:

The growth in deposits can be broken down into three distinct stages:

- 2017–2020: Moderate and Stable Growth

In the first phase, from 2017 to 2020, deposits increased moderately at a steady rate, doubling from 40 trillion soums to approximately 80 trillion soums. This phase reflects gradual growth, which was likely driven by increased awareness of the benefits of formal banking and the stability of the financial system.

- 2021–2023: Accelerated Growth

The period from 2021 to 2023 marked a phase of accelerated growth, with a significant surge observed in 2022–2023. The volume of deposits grew from 115 trillion soums to 220 trillion soums, an increase of over 90 trillion soums in just two years. This period likely reflects the broader adoption of banking services, increased financial inclusion, and the gradual recovery of the economy after the pandemic-related downturn. The swift economic recovery, coupled with new policies designed to boost confidence in the banking system, contributed to this rapid increase.

- 2024–2025: Even Stronger Growth Rates

In the final phase, from 2024 to 2025, the deposit base saw an even more remarkable increase, with more than 70 trillion soums of additional deposits being added. This stage indicates the maturation of the banking sector and an increasing inclination of individuals and businesses to commit their savings to the formal banking sector. The addition of new, attractive deposit products and favorable interest rates contributed to this substantial growth[5].

Deposits of Legal Entities vs. Individuals:

Throughout the study period, the volume of deposits held by legal entities significantly exceeded that of individuals, which underscores the greater financial strength and confidence that businesses have in the banking system. Legal entities tend to hold larger volumes of deposits, as they require higher liquidity levels and seek to protect substantial sums of money. On the other hand, individual deposits also showed considerable growth, indicating that individuals have become increasingly aware of the benefits of saving and investing their funds in the banking system[6]. By 2025, the share of individual deposits grew significantly, signaling a shift in the population's trust in banks.

Interest Rates Trends:

- Individuals (in national currency):

Between 2020 and 2025, interest rates for individual deposits in the national currency showed significant growth, reaching 22.1% by 2025. This growth reflects the Central Bank's policy to incentivize national currency deposits, contributing to the stability of the currency and discouraging foreign currency holdings.

- Legal Entities (in national currency):

The interest rates on deposits by legal entities in national currency followed a fluctuating pattern. The lowest rate was recorded in 2022 at 15.1%, while the highest rate occurred in 2024, reaching 18.5%. However, by 2025, this rate decreased to 16.8%, reflecting the normalization of interest rates after the economic boom in 2023. This dynamic rate structure helped banks balance their liquidity and attract both individuals and businesses.

- Interest Rates on Deposits in Foreign Currency:

Interest rates for deposits held in foreign currency remained low throughout the period, hovering around 5.1% for individuals and 4.8% for legal entities in 2025. These low rates reflect the Central Bank's efforts to discourage foreign currency savings and encourage the holding of deposits in the national currency, thereby reducing exchange rate risks for both the banking system and the economy[7].

Deposit Products Offered by Banks:

Commercial banks in Uzbekistan have diversified their deposit products to cater to the varied financial needs of their customers. The primary deposit products offered include:

- **Term Deposits:** These deposits are designed for customers looking to lock in their funds for a fixed period, with higher interest rates offered in exchange for the commitment.
- **Savings Deposits:** Aimed at customers who want a balance of access to their funds and moderate returns, savings deposits have a higher interest rate compared to demand deposits but lower rates than term deposits.

- **Replenishable Deposits:** These allow customers to add funds to their accounts periodically, offering flexibility while still earning a higher interest rate than demand deposits.
- **Partially Withdrawable Deposits:** These products allow partial withdrawals without losing the interest accumulated on the remaining balance.
- **Deposits with Capitalization:** These deposits reinvest the earned interest into the principal, increasing the total deposit amount and providing compounded returns.
- **Special-Purpose Deposits:** These deposits are designed for specific goals, such as housing, education, and weddings, and often come with tailored terms and conditions.
- **Incentive Mechanisms:** Some banks offer additional incentives, such as cashback or bonus interest rates, to attract new depositors and maintain customer loyalty.

Summary:

The growth in deposits from 2017 to 2025 highlights the strengthening of the financial system in Uzbekistan, driven by improved financial literacy, attractive interest rates, and the introduction of diverse deposit products. The significant increase in both individual and legal entity deposits suggests that the banking sector is becoming more integral to the country's economic development, fostering a stable and secure financial environment for the future[8-9].

4. Discussion

The growth in deposits strengthens the stability of the financial system and creates a foundation for economic growth. The diverse offer of deposit products by banks allows customers to choose options that meet their financial needs. The interest rate policy of the Central Bank has encouraged deposits in the national currency, while deposits in foreign currency have been maintained at low interest rates, which serves to reduce exchange rate risk.

While individuals tend to make long-term savings, legal entities tend to maintain a high level of liquidity, which creates a significant difference in deposits[10].

Table 1

Share and growth (%) of legal entities and individuals in total deposits in 2020–2024

Yil	Deposits of individuals (billion soums)	Percentage of individuals (%)	Deposits of legal entities (billion soums)	Share of legal entities (%)	Total deposits (billion soums)
2020	229 088,6	13,2	1 506 843,0	86,8	1 735 931,5
2021	368 122,5	14,3	2 199 029,9	85,7	2 567 152,4
2022	671 362,7	18,0	3 067 360,8	82,0	3 738 723,6
2023	989 268,5	22,1	3 492 423,5	77,9	4 481 692,0
2024	1 306 079,0	23,3	4 301 142,3	76,7	5 607 221,3

Analysis: The table shows that the share of legal entities in total deposits gradually decreased from 86.8% to 76.7% from 2020 to 2024. On the other hand, the share of individuals increased from 13.2% to 23.3%. This change indicates that the population's trust in the banking system and the level of financial literacy are increasing[11-12-13]. At the same time, deposits of legal entities also continue to significantly increase the total volume.

Table 2

Volume and growth rates of deposit operations in national currency of commercial banks of Uzbekistan in 2020-2024

Year	Deposits of individuals (billion soums)	Annual growth of individuals (%)	Deposits of legal entities (billion soums)	Annual growth of legal entities (%)	Total deposits (billion soums)	Annual growth in total
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						deposits (%)
2020	229 088,6	—	1 506 843,0	—	1 735 931,5	—
2021	368 122,5	60,7	2 199 029,9	46,0	2 567 152,4	47,9
2022	671 362,7	82,4	3 067 360,8	39,5	3 738 723,6	45,7
2023	989 268,5	47,3	3 492 423,5	13,8	4 481 692,0	19,8
2024	1 306 079,0	32,1	4 301 142,3	23,1	5 607 221,3	25,1

According to Table 2, the volume and growth rate of deposits of individuals have increased significantly since 2020. In particular, in 2021 and 2022, deposits of individuals increased by 60.7% and 82.4%, respectively, which indicates an increase in financial literacy and confidence in the banking system. The growth rate of legal entities is also positive, but in 2023 the growth decreased (13.8%), which may be due to changes in market conditions[14-15]. The growth of total deposits serves to strengthen the financial stability of the banking system.

5. Conclusion

The growth of the deposit base of commercial banks is an important factor in improving the soundness, creditworthiness and liquidity of the banking system. An increase in long-term deposits ensures the stability and independence of banks. Creating healthy competition, innovative adaptation of financial products and providing high-quality customer service are the main tasks for the future. It is necessary to further improve the deposit policy, ensure the free formation of interest rates in market conditions, as well as increase the financial literacy of the population. These factors contribute to the long-term sustainable development of the banking system. In 2020–2024, the volume of deposits of commercial banks in the national currency in Uzbekistan increased significantly, with the growth rate of deposits of legal entities being higher than that of individuals. Interest rate policy and the diversity of deposit products served as important factors in this process. Increased confidence in the banking system and an improvement in the level of financial literacy will serve to ensure the sustainable growth of deposit operations in the future.

Proposals:

- Diversify deposit products and adapt them to customer needs.
- Strengthen advocacy efforts to increase financial literacy for individuals.
- Establish dynamic management of interest rates in accordance with market conditions.
- Protect customer interests and increase trust by further improving legislation.

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