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The role of commercial bank deposits in regional development

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Annotation. This article investigates the theoretical, scientific, and practical aspects of forming the deposit base of commercial banks in the Republic of Uzbekistan and evaluates its fundamental influence on the socio-economic development of regions. Under conditions of large-scale market modernization of the financial sector, the mobilization of internal household savings and temporarily idle funds of economic entities for subsequent investment in the real sector of the local economy acquires paramount importance. Based on official statistical data covering the period from 2022 to 2026, a comprehensive dynamic and structural analysis of deposit balances across fifteen leading commercial banks in the country was conducted. Utilizing methods of horizontal, vertical, and trend analysis, cumulative and individual baseline growth indicators of passive operations were calculated, and structural shifts in the bank deposit market were identified. The study proves that a steady influx of deposit resources acts as a key stabilizer of bank liquidity and the primary source for funding regional credit portfolios. Specific patterns of depositor behavior and features of liability concentration in state-owned and private banking structures were revealed. Based on the findings, practical recommendations were formulated to optimize the structure of attracted funds, raise public trust in banking institutions, and stimulate long-term savings in the interests of spatial economic development.

Keywords: commercial bank deposits, regional development, deposit base, passive operations, bank liquidity, domestic savings, growth rate, structural shifts, state ownership share, private banks, financial intermediation, economic growth of Uzbekistan.

Introduction. Ensuring sustainable and balanced socio-economic progress across the regions of the Republic of Uzbekistan stands as a strategic national priority in the current stage of market-oriented reforms. The successful execution of territorial industrialization programs, infrastructure modernization, small business stimulation, and job creation requires vast volumes of investment resources. Traditional centralized funding sources, such as the state budget and external borrowings, face objective limitations and can create additional macroeconomic risks. Consequently, harnessing internal financial levers—chief among which is the commercial banking sector's capacity to transform savings into productive investments—becomes critically vital.

Deposits of individuals and legal entities form the core of commercial banks' passive operations, constituting the most stable, accessible, and cost-effective foundation of their resource base. The volume and structure of the deposit portfolio directly dictate the scale of financial institutions' active operations, particularly the capacity for long-term lending to the local real economy. Effectively mobilizing temporarily free funds from the population and regional enterprises addresses complex macroeconomic goals: curbing inflationary pressures by absorbing excess cash in circulation, enhancing financial inclusion among citizens, and fostering funding autonomy for local investment projects.

However, the process of forming a robust deposit base at the regional level encounters structural challenges, uneven income distribution, varying levels of trust in financial institutions, and intense interbank competition for resources. The dynamic shifts in Uzbekistan's deposit market during 2022–2026 necessitate continuous scientific monitoring. Analyzing the role and structural evolution of deposit balances enables the identification of latent trends in financial intermediation and provides a rational basis for prospective ALM strategy optimizations to achieve sustainable spatial development across the national economic system.

Literature Review. Fundamental theoretical propositions regarding the role of savings and bank deposits in fostering economic reproduction and spatial progress are rooted in classical concepts of international financial science. Joseph Stiglitz, in his foundational work *"Economics of the Public Sector"* (W. W. Norton & Company, 2000, pp. 245–260), established that effective deposit mobilization minimizes transaction costs across the economy and smooths market asymmetry, facilitating capital reallocation toward highly productive regional projects. Frederic Mishkin, in his seminal treatise *"The Economics of Money, Banking, and Financial Markets"* (Pearson, 11th Edition, 2016, pp. 312–335), emphasizes that stable retail deposits shield commercial banks from liquidity shocks and serve as the backbone for long-term regional lending. Peter Rose and Sylvia Hudgins, in *"Bank Management & Financial Services"* (McGraw-Hill Education, 2013, pp. 185–210), delivered a thorough analysis of liability management techniques, substantiating the strategic priority of retail savings products for the commercial sector.

Russian economists have extensively examined deposit operations within emerging and transitional market frameworks. Professor O.I. Lavrushin, in the textbook *"Banking: Modern Credit System"* (KnoRus, 2018, pp. 94–112), demonstrates the primary nature of liabilities, stressing that the stability and depth of a regional loan portfolio are fundamentally bounded by the volume of attracted deposits. G.G. Korobova, in the monograph *"Banking"* (Magister, 2015, pp. 204–222), investigates psychological aspects of saving behavior and factors influencing depositor trust in regional banking networks. E.F. Zhukov, in *"Money. Credit. Banks"* (Unity-Dana, 2019, pp. 145–163), analyzes the impact of inflationary processes and regulatory interest rate policies on the liability structures of corporate and retail clients.

In Uzbek economic thought, the formation of a sustainable deposit base for commercial banks in the context of territorial development holds a prominent position. Sh.Z. Abdullaeva, in the textbook *"Banking Work"* (Iqtisod-Moliya Publishing House, 2017, pp. 115–130), explores the specifics of attracting public funds under national conditions and proposes de-dollarization mechanisms to strengthen national currency stability. A.A. Omonov, in the fundamental monograph *"Ways to Increase the Capitalization of Commercial Banks"* (Tashkent, Moliya, 2019, pp. 78–95), proves that diversifying the deposit base through retail deposits reduces bank reliance on state funding and drives market competition across regions. T.M. Karaliev, in *"Monetary Policy"* (TFI, 2021, pp. 62–80), justifies using flexible interest rate instruments on long-term deposits to offset inflation expectations and encourage regional investment activity.

Research Methodology. The methodological framework of this study integrates financial-economic, structural, comparative, and statistical time-series analysis methods. The empirical foundation relies on official aggregated reporting data of commercial banks in the Republic of Uzbekistan for 2022–2026.

To mathematically measure the scale and intensity of regional deposit base expansion, the cumulative baseline liability growth rate (***T_{pr}^b***) is calculated, capturing the overall change across the entire observation period:

$$T_{pr}^b = ((D_{t} - D_{0}) / D_{0}) \times 100\% \quad (1)$$

Where ***D_{t}*** — deposit balance at the end of the analyzed period (01.01.2026), and ***D_{0}*** — deposit balance at the start of the period (01.01.2022).

To gauge annual dynamics, the chain growth rate formula (***T_{pr}^c***) is employed:

$$T_{pr}^c = ((D_{t} - D_{t-1}) / D_{t-1}) \times 100\% \quad (2)$$

In addition, the market liability concentration coefficient of an individual banking institution (***W_i***) relative to the total system deposit portfolio is determined:

$$W_i = (D_i / D_{total}) \times 100\% \quad (3)$$

Where ***D_i*** — total deposit balance of the ***i***-th commercial bank, and ***D_{total}*** — total deposit volume across the entire banking system.

Analysis and Results

To conduct a rigorous empirical assessment of commercial bank deposits' role, let us examine the longitudinal statistical data consolidated in Table 1.

Table 1.

Total Deposit Balances of Commercial Banks (million UZS)

№	Bank Name	01.01.2022	01.01.2023	01.01.2024	01.01.2025	01.01.2026
	Total	**3 568 643**	**4 453 312**	**4 699 254**	**6 103 930**	**8 396 390**
1	NBU	1 045 504	379 455	407 548	448 289	596 577
2	Uzsanoatqurilishbank	252 044	351 538	370 788	569 884	783 299
3	Agrobank	371 538	542 805	579 454	886 970	1 641 102
4	Microcreditbank	114 425	179 000	201 560	275 034	327 076
5	Xalq Banki	561 920	805 217	829 571	903 927	1 093 163
6	Biznes Bank	160 042	204 304	226 881	259 509	430 084
7	Turonbank	99 175	146 061	158 527	237 317	365 817
8	Hamkorbank	130 966	222 591	224 043	295 783	413 976
9	Asakabank	146 022	246 387	251 883	456 606	626 866
10	Ipak Yuli Bank	94 981	127 388	131 037	163 795	212 435
11	Trastbank	95 355	180 708	180 900	250 511	377 612
12	Aloqabank	117 790	366 078	387 558	594 115	610 358
13	Ipoteka-bank	229 684	302 711	341 038	432 719	504 089
14	Infinbank	71 229	212 877	220 196	195 336	271 497
15	Asia Alliance Bank	77 968	186 193	188 270	134 133	142 440

The computational results highlight a robust, dynamic expansion in the resource base of Uzbekistan's banking sector through deposit mobilization. Over the five-year timeframe, total deposit balances increased from 3,568,643 million UZS as of 01.01.2022 to 8,396,390 million UZS as of 01.01.2026. The cumulative baseline growth rate underscores this rapid resource accumulation:

$$T_{pr}^b = ((8\ 396\ 390 - 3\ 568\ 643) / 3\ 568\ 643) \times 100\% \ \ pprox 135.3\%$$

This demonstrates that deposit sources of funding in the national economy grew by more than 2.35 times, building a dependable foundation for subsequent regional credit expansion. Annual chain growth

rates maintained a steady upward trajectory: 24.8% in 2022, 5.5% in 2023, 29.9% in 2024, and a record 37.6% in 2025. The sharp growth in the final year was spurred by rising real household incomes, high interest yields on local currency deposits, and user-friendly mobile banking technologies.

Analyzing individual financial institutions reveals profound structural shifts. Agrobank emerged as the undisputed leader in absolute deposit portfolio expansion, with balances expanding from 371,538 million UZS to 1,641,102 million UZS—a remarkable 4.4-fold surge that elevated its market share to 19.5% by early 2026. This success is directly linked to expanding branch networks across rural districts and actively attracting funds from agricultural clusters and farmers. Ranking second is the socially focused Xalq Banki, holding 1,093,163 million UZS in deposits (13.0% share), confirming its pivotal role as a accumulator of household savings through pension distributions and management of the INPS system.

Special attention should be drawn to the balance sheet transformation of NBU (National Bank of Uzbekistan). As of 01.01.2022, NBU held a dominant position with 1,045,504 million UZS in deposits (29.3% market share). However, by 01.01.2023, deposit balances experienced a planned reduction to 379,455 million UZS, followed by steady market-driven growth to 596,577 million UZS by 2026. This shift reflects intentional liability restructuring, the offloading of centralized government funds, and a transition toward competitive market funding, thereby improving liability quality.

Consistent, high-quality growth was posted by leading joint-stock and private banks: Uzsanoatqurilishbank expanded deposits by over 3.1 times (to 783,299 million UZS), Asakabank grew to 626,866 million UZS, and Aloqabank jumped from 117,790 million UZS to 610,358 million UZS (a 5.2-fold increase), fueled by aggressive digitalization. A premier private regional bank, Hamkorbank, recorded balanced growth from 130,966 million UZS to 413,976 million UZS (3.1-fold increase), proving strong trust among regional businesses and households in non-state banking capital. Solid market dynamics were also displayed by Biznes Bank (+168.7%) and Trastbank (3.9-fold growth to 377,612 million UZS).

Conclusion. The comprehensive economic and statistical analysis of deposit balance dynamics across Uzbekistan's commercial banks for 2022–2026 yields key analytical conclusions. Domestic savings have firmly established themselves as a fundamental macroeconomic engine for regional development, registering an aggregate growth of 135.3% (reaching 8.39 trillion UZS). The rapid expansion of deposit portfolios in core financial institutions (Agrobank, Xalq Banki) reflects heightened savings activity in both industrial centers and agrarian regions. The decline in state monolith shares (NBU) in favor of diversified growth across joint-stock and private banks (Hamkorbank, Aloqabank, Trastbank) signals the formation of a healthy competitive environment for depositor capital.

To further amplify the role of deposits as a driver for regional investments, short-term deposits must be transformed into long-term investment capital. This calls for legislative expansion of non-withdrawable long-term savings instruments, tax incentive differentiation based on deposit maturity, and further strengthening of the state deposit guarantee system. Commercial banks should continue digitalizing retail passive products, introduce personalized wealth-building schemes, and enhance financial literacy in remote rural areas to ensure a reliable inflow of loanable capital into local real economies.

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