

Increasing Income from Deposits by Developing Banking Services

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Abstract: This scientific article presents thoughts and opinions about the process of developing services in banks and the importance of income from deposits in this process, as well as increasing these incomes.

Keywords: Bank, service, finance, consumer, deposit, economy, result, product.



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Introduction

The development of the service sector in the banking system plays an important role in the modern economy. The main factors driving the growth of service value in the economy include scientific knowledge, intangible assets, information technologies, and the integration of entrepreneurial activities. This sector of the economy encompasses various activities that help improve production efficiency. The final result of this activity is not a finished product but the services provided. These services can be offered not only to businesses but also to individuals and consumers.

Currently, the rapid implementation of information and communication technologies in the banking system to meet modern demands and the automation of many banking services have accelerated. The scale of development in banking services and their implementation depends on customer demand and is determined by modern banking technologies.

The expansion of banking infrastructure in our country contributes to increased competition among banks and improves both the quality and range of banking services. On May 12, 2020, the President of the Republic of Uzbekistan issued Decree No. PF-5992, "On the Strategy for Reforming the Banking System of the Republic of Uzbekistan for 2020–2025" (Decree, 2018). This decree was developed by the Central Bank and the Ministry of Finance in collaboration with the World Bank, based on an analysis of the current state of the banking system and international financial trends.

This period marks an increase in the capitalization level of banks and their active participation in investment processes and structural economic changes. At that time, the government viewed the exemption of banks from profit (income) tax as a means to boost banking activity. Moreover, according to approved state programs, expenses related to the establishment of mini-banks by commercial banks were also excluded from the tax base. Consequently, the primary focus was on strengthening monetary circulation, stabilizing the national currency, and ensuring its exchange

rate stability. This encouraged citizens, increasing their trust in banks. As a result, there was a rise in the number of deposit accounts opened by individuals, leading to an expansion of the deposit base and the formation of the banking services market.

Notably, new services such as leasing have been introduced among banking products. It is important to highlight that the development of retail services in our country has influenced the establishment of joint banks by attracting international financial capital. The banking market of Uzbekistan has undergone fundamental changes with the emergence of new banks based on 100% private capital. The intensified competition created by private banks in the service market became one of the most crucial stages in the development of the national banking system.

The government and the Central Bank continuously support the development of private banks by providing tax incentives and technical assistance in training personnel. Currently, private banks constitute nearly half of all commercial banks in the country. Encouraging the development of private banks has strengthened competition, improved the quality of banking services, and contributed to the efficient allocation of financial resources. This, in turn, has positively impacted the promotion and development of private entrepreneurship. During this period, the goal was to strengthen public confidence in the banking system and transform banks into the financial backbone of national reforms. The success of this initiative was expected to play a crucial role in the future development of banks. The acceleration of privatization processes and changes in ownership structures of enterprises also took place. Banks adjusted their development strategies based on the new economic requirements.

Banking services refer to a set of actions directly related to the operational and strategic activities of commercial banks and their effective management. Since this article focuses on the development of banking services through deposits, let's examine some aspects.

Income from deposits plays a significant role in enhancing banking services. These revenues are essential for banks to develop, introduce new technologies, and expand services. Banks use deposits to compare their services, offer new products, ensure data security, and maintain customer engagement.

Additionally, banking institutions view deposit income as a major contributor to strengthening customer relations, attracting new clients, and funding marketing and advertising efforts. These revenues are a crucial component in service expansion, promotional improvements, and sustained customer relationships.

For these reasons, deposit income is crucial for banks as it enables them to introduce new services, attract customers, and remain competitive in the banking market.

Several strategies can be implemented to increase deposit-based income through the development of banking services. Below are some recommendations:

1. **Product Diversification:** Expanding the range of banking services, such as introducing new deposit products, investment accounts, or specialized deposits. This provides customers with more choices and encourages deposit growth.
2. **Competitive Interest Rates:** Offering competitive interest rates to attract customers. Higher interest rates motivate customers to increase their deposits.
3. **Improved Customer Service:** Strengthening customer relations and ensuring high-quality service to enhance trust in banks. Higher customer satisfaction increases deposit volumes.
4. **Implementation of Digital Technologies:** Providing convenience to customers through online banking and mobile applications. Easy access to account management is crucial.

5. Marketing Strategies: Conducting effective marketing campaigns to promote deposit products. Informing customers about interest rates, bonuses, and other benefits.
6. Customer Segmentation: Developing targeted offers for different customer groups, such as youth, retirees, or corporate clients.
7. Financial Literacy Education: Conducting seminars or online courses to educate customers on the benefits of investment, encouraging them to increase their deposits.
8. Creating Favorable Conditions: Simplifying deposit registration procedures and reducing minimum balance requirements.

In conclusion, by implementing these strategies, banks can increase their deposit-based income and gain a competitive advantage.

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