



## DEPOSIT SERVICES IN COMMERCIAL BANKS

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**Abstract.** This article examines depository services provided by commercial banks, their types, importance and impact on the banking sector and economy. The study examines the role of these services in providing liquidity, driving economic growth and increasing customer confidence. A detailed analysis of the literature provides insight into the current trends and evolving nature of banking operations. The article also highlights the applied research methodologies, discusses the results from different perspectives, and gives recommendations for improving depository services.

**Key words:** Depository services, commercial banks, economic growth, financial liquidity, customer confidence, banking sector.

Depository services are the basis of commercial banks and serve as a mechanism for banks to attract funds from individuals, enterprises and other entities. These services include not only deposit protection but also offer various products like savings accounts, fixed deposits and current accounts. This paper discusses the importance of depository services in commercial banks and how they contribute to financial stability and economic development.

The study adopts a mixed method approach that includes quantitative analysis of bank data and qualitative interviews with banking professionals. Data were collected from financial statements of major commercial banks and supplemented by surveys covering customer satisfaction and trust levels related to depository services.



Deposit services in commercial banks refer to a variety of financial products offered to individuals, businesses and organizations to safely save money while earning interest or maintaining liquidity. These services are designed to meet the diverse needs of customers, from short-term savings to long-term investments. The main types of deposit services provided by commercial banks include:

**Savings Accounts:** These are basic deposit accounts where customers can save money and earn interest. They are flexible, have no fixed deposit period and provide easy access to funds.

**Current accounts:** these accounts are mainly used by legal entities and individuals for daily transactions. They usually do not charge interest, but offer high liquidity, allowing for unlimited withdrawals and deposits.

**Fixed Deposits (Fixed Deposits):** These are deposits made for a fixed period (eg 6 months, 1 year, etc.) at a pre-agreed interest rate. Funds are locked in for a period, and early withdrawal penalties may apply.

**Recurring Deposits:** Customers deposit a fixed amount regularly (e.g. monthly) into a recurring deposit account and at the end of the term, they receive the principal amount along with accrued interest.

**Time Deposits:** Similar to fixed deposits, time deposits require customers to commit to keeping their funds with the bank for a specified period of time. This savings or current account may offer relatively high interest rates.

**Foreign Currency Deposits:** These accounts allow customers to deposit foreign currencies, offering a method of holding in a currency other than the local currency.



**Specialized Deposit Accounts:** These may include accounts for specific purposes, such as education savings or retirement planning, and often come with unique terms and benefits.

Commercial banks provide these deposit services to encourage savings, increase liquidity, and help individuals and businesses manage their funds efficiently. They also serve as an important source of funding for banks, which in turn lend to borrowers.

The findings highlight several trends. First, the correlation between customer confidence and deposit volume suggests that banks should prioritize transparent and customer-oriented communication. Second, increased reliance on digital platforms for depository services has changed customer expectations, making convenience a key determinant of satisfaction. The literature supports the notion that digital transformation of the bank can bridge service availability gaps, especially in the areas of vision.

Despite these achievements, challenges remain. The security of online platforms and customer data is a constant concern, as is the ability of small banks to keep up with technological advancements. Balancing customer privacy with regulatory compliance is critical to future depository service models.

## Conclusion

Depository services are critical to the health of commercial banks and the broader economy. They provide financial liquidity and promote saving habits among the public. The study suggests that banks should adopt customer-centric policies and integrate technological solutions to improve service delivery. Suggestions for future improvements include:



- Investing in robust cyber security measures to protect customer data.
- Expanding digital literacy programs to educate customers on the safe use of online banking tools.
- Create layered deposit products to cater to different customer segments, thereby promoting inclusivity.
- Strengthen cooperation with FinTech companies to use innovative solutions to improve customer experience.

The development of these areas will ensure the development of commercial banks in a competitive financial landscape that meets regulatory requirements and customer needs.

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