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THE SIGNIFICANCE OF HOUSEHOLD DEPOSITS IN COMMERCIAL BANKS FOR ECONOMIC DEVELOPMENT

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Annotation

This article examines the significance of household deposits in commercial banks as a source of financial resources for the economic development of the Republic of Uzbekistan. Household savings placed in bank deposits are considered a crucial channel for transforming accumulations into investments, ensuring the expansion of lending to the real sector and improving the population's standard of living. Based on statistical data on household deposit balances across commercial banks for the period from 1 January 2022 to 1 January 2026, an analysis of the dynamics, growth rates, and structure of the deposit base is conducted. It is established that the total volume of household deposits grew more than fourfold, indicating a substantial strengthening of public confidence in the banking system and an increase in saving activity. A high concentration of deposits within the group of the largest banks is demonstrated. Conclusions are drawn on the need to further stimulate organized household savings for sustainable economic growth.

Keywords: household deposits, deposits, commercial banks, savings, investment, banking system, credit resources, economic growth, confidence in banks, financial intermediation, deposit structure, monetary policy, Republic of Uzbekistan.

Introduction

Household deposits in commercial banks constitute one of the most important sources of financial resources for the economy. Household savings accumulated by the banking system in the form of deposits are transformed into credit resources directed toward financing enterprises, investment projects, and consumer demand. In this way, household deposits perform a key macroeconomic function of converting scattered savings into organized investment capital, ensuring the continuity of the social reproduction process.

In the Republic of Uzbekistan, amid the ongoing economic reforms, the development of the savings sector is of particular importance. Rising household incomes, declining inflation, the improvement of banking products, and strengthening confidence in the financial system create the preconditions for a sustainable increase in deposits. Household deposits form a stable resource base for banks which, unlike corporate funds, is characterized by greater dispersion and stability, thereby enhancing the reliability of the banking system as a whole.

The relevance of the topic stems from the fact that in recent years Uzbekistan has witnessed rapid growth in the volume of household deposits, reflecting both the rise in citizens' well-being and the results of the financial inclusion policy. At the same time, the problem of insufficient involvement of savings in organized banking turnover persists, as does the high concentration of deposits in certain large banks, which raises questions about competition and the balanced development of the banking sector.

The aim of this study is to assess the significance of household deposits in commercial banks for economic development based on an analysis of the dynamics and structure of the deposit base. To achieve this aim, the following tasks are addressed: studying the theoretical foundations of the savings process, reviewing the academic literature, substantiating the methodology, and conducting an empirical analysis of statistical data on household deposit balances across banks for 2022–2026. The scientific significance of the work lies in clarifying the mechanisms of the impact of household deposits on economic growth, while its practical significance lies in developing recommendations for stimulating citizens' saving activity.

Literature Review

The theoretical foundations of saving behavior and the role of deposits in the economy were laid in the works of the classics of economic science. J. M. Keynes, in his work "The General Theory of Employment, Interest and Money," viewed savings as deferred consumption and analyzed the factors determining the population's propensity to save [1, p. 210]. The life-cycle model of savings, developed by F. Modigliani, explains household behavior by the desire to smooth consumption over the lifespan [2, p. 390]. The concept of "financial deepening" by E. Shaw and R. McKinnon proved that the growth of the deposit base and the development of banking intermediation accelerate economic growth in developing countries [3, p. 46].

In Western economic literature, the significance of household deposits is studied in the context of financial development and inclusion. R. Levine empirically confirmed a stable relationship between the depth of financial intermediation and the rate of GDP growth [4, p. 691]. The issues of mobilizing household savings and financial inclusion are examined in detail in World Bank studies, where deposits are regarded as a tool for reducing poverty and enhancing economic resilience [5, p. 33]. Thus, the Western tradition emphasizes the institutional conditions that ensure the effective mobilization of household savings.

Russian economic science devotes considerable attention to banks' deposit policy and household savings. O. I. Lavrushin, in the textbook "Banking," reveals the role of household deposits in forming the resource base of commercial banks [6, p. 156]. G. N. Beloglazova and L. P. Krolivetskaya consider the attraction of household funds as the basis of a bank's passive operations [7, p. 203]. The problems of household saving behavior and the factors of confidence in the banking system are examined in the works of Yu. I. Kashin, who laid the foundations of the theory of household savings in Russian scholarship [8, p. 118]. In Uzbek economic literature, issues of the development of household deposits are considered in the context of banking system reform and improving financial literacy. Sh. Z. Abdullaeva, in the monograph "Banking," analyzes the specifics of attracting household funds under the transition to a market economy [9, p. 124]. T. M. Koraliev studies the factors of household deposit growth and their impact on the lending activity of Uzbek banks [10, p. 71]. Issues of increasing citizens' trust in banks and stimulating organized savings are covered in the works of N. Kh. Zhumaev, where the role of household deposits in financing investment programs is substantiated [11, p. 88]. Thus, the analysis of the literature shows the existence of a broad theoretical basis; however, the problem of quantitatively assessing the dynamics and concentration of household deposits in Uzbekistan's banking system remains insufficiently studied, which determines the scientific novelty of this work.

Research Methodology

The methodological basis of the study comprises the methods of statistical, comparative, and structural-dynamic analysis. The information base consisted of data on household deposit balances in the commercial banks of the Republic of Uzbekistan as of 1 January 2022–2026 (Table 1). To assess the dynamics, indicators of the growth rate and the rate of increase were used:

$Tg = (D_1 / D_0) \times 100\%$, $Ti = ((D_1 - D_0) / D_0) \times 100\%$, where D_0 and D_1 are the deposit balances in the base and reporting periods. To assess the average annual growth rate over the multi-year period, the geometric mean indicator (CAGR) was applied:

$$CAGR = (D_n / D_0)^{(1/n)} - 1 ,$$

where n is the number of years. To analyze the structure and level of deposit concentration, the share of each bank in the total volume of household deposits was calculated:

$$d_i = (D_i / \Sigma D) \times 100\% .$$

The application of these methods makes it possible to comprehensively assess both the quantitative and structural aspects of the development of the household deposit base and its significance for the country's economy.

Analysis and Results

Table 1. Household deposit balances in commercial banks, million UZS

No.	Name of banks	01.01.2022	01.01.2023	01.01.2024	01.01.2025	01.01.2026
	Total	**1,419,001**	**2,657,794**	**2,852,131**	**4,337,350**	**6,222,166**
1	NBU	126,683	215,962	226,165	300,112	440,507
2	Uzpromstroybank	209,842	305,854	332,776	508,552	711,331
3	Agrobank	268,886	475,063	508,709	783,340	1,440,041
4	Mikrokreditbank	64,282	131,449	141,637	225,808	261,476
5	Xalq banki	135,192	261,890	286,983	357,840	469,719
6	Biznes bank	89,227	150,664	154,816	184,750	285,172
7	Turon bank	53,716	96,745	109,643	173,549	273,658
8	Hamkorbank	79,394	152,805	157,363	223,787	324,824
9	Asaka bank	97,867	200,679	222,604	427,573	564,661
10	Ipak Yuli bank	28,136	34,465	36,185	109,438	141,298
11	Trastbank	39,623	94,205	92,896	154,856	205,670
12	Aloqabank	46,981	224,949	240,056	438,722	543,390
13	Ipoteka bank	107,309	181,276	199,478	278,370	314,990
14	Infinbank	37,004	99,494	109,282	135,475	194,430
15	Asia Alliance bank	34,860	32,295	33,537	35,179	50,999

The analysis of the data in Table 1 indicates rapid growth in household deposits in the commercial banks of the Republic of Uzbekistan over the period under review. The total volume of deposits increased from 1,419,001 million UZS as of 1 January 2022 to 6,222,166 million UZS as of 1 January 2026, that is, more than 4.4 times, or by 338.5%. The average annual growth rate (CAGR) amounted to approximately 44.7%, which is an exceptionally high indicator that significantly exceeds the rate of inflation. This testifies to a real increase in the population's saving activity and a substantial strengthening of confidence in the banking system.

The growth dynamics across the years were uneven. The most significant increase was observed in 2023 — by 87.3%, when the volume of deposits nearly doubled. In 2024, the growth rate slowed to 7.3%, which may have been associated with changes in macroeconomic conditions. However, in 2025 and 2026 growth resumed, amounting to 52.1% and 43.5%, respectively. The steady resumption of high growth rates in recent years confirms the formation of a long-term trend toward an increase in organized household savings.

The analysis of the deposit structure by bank revealed a high concentration of the deposit base. The largest bank by volume of attracted household funds is Agrobank, whose deposit balances reached 1,440,041 million UZS, accounting for about 23.1% of the total volume. Over the period, its deposit volume grew 5.4 times. Second place is held by Uzpromstroybank with 711,331 million UZS (11.4%), and third by Asaka bank with 564,661 million UZS (9.1%). Together, the five largest banks — Agrobank, Uzpromstroybank, Asaka bank, Aloqabank, and Xalq banki — accumulate about 60% of all household deposits, which indicates a significant concentration of the deposit market.

Of particular interest are the leaders in terms of growth rates. The most impressive dynamics were demonstrated by Aloqabank, whose deposit volume grew 11.6

times — from 46,981 to 543,390 million UZS, which enabled it to join the ranks of the largest market players. High growth rates were also shown by Asaka bank (5.8 times) and Agrobank (5.4 times). Such rapid growth of individual banks indicates intensifying competition for household funds and the active savings policy of these credit institutions.

At the same time, a number of banks showed more modest dynamics. The lowest growth was recorded at Asia Alliance bank, whose deposit volume increased only 1.5 times — from 34,860 to 50,999 million UZS, which is noticeably below the system-wide average. Such differentiation in growth rates among banks reflects differences in their market strategies, branch networks, reputation, and the attractiveness of the deposit products offered.

The results obtained confirm the key significance of household deposits for economic development. The growth of the household deposit base forms a stable and long-term source of credit resources for the banking system. Through the credit multiplier mechanism, the increase in deposits ensures a multiple expansion in lending volumes to the real sector, which contributes to the growth of investment, job creation, an increase in gross domestic product, and improvement of the population's well-being. The more than fourfold growth of deposits over five years creates significant potential for expanding the financing of the economy.

At the same time, the high concentration of deposits within the group of the largest banks points to the need to develop competition in the banking sector and to support smaller banks. In addition, further growth of organized household savings requires improving the deposit insurance system, raising citizens' financial literacy, and expanding the range of savings products, which will make it possible to more fully realize the potential of household deposits as a source of economic growth.

Conclusion

The conducted study made it possible to assess the significance of household deposits in commercial banks for the economic development of the Republic of Uzbekistan. It was established that household deposits perform the crucial function of transforming household savings into credit resources that finance the real sector of the economy. The analysis of statistical data showed that over the period from 1 January 2022 to 1 January 2026, the total volume of household deposits grew more than 4.4 times, reaching 6,222,166 million UZS, at an average annual growth rate of about 44.7%. Such high dynamics testify to strengthening confidence in the banking system and an increase in citizens' saving activity.

The analysis of the deposit structure revealed a high concentration of the deposit base: the five largest banks accumulate about 60% of all household deposits, with Agrobank being the leader, holding a share of more than 23%. Certain banks, such as Aloqabank, demonstrated leading growth rates, which reflects intensifying competition for household funds.

To strengthen the positive impact of household deposits on the economy, it is advisable to develop competition in the banking sector, improve the deposit insurance system, raise citizens' financial literacy, and expand the range of savings products. The implementation of these measures will contribute to the further growth of organized savings and ensure the sustainable economic development of the Republic of Uzbekistan on the basis of domestic financial resources.

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