



## Article

# Problems in Improving the Efficiency of the Resource Base of Private Commercial Banks

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**Abstract:** This article scientifically examines the problems associated with improving the efficiency of the resource base of private commercial banks. The study analyzes the sources of bank resource formation, their stability, the structure of deposit funds, and the possibilities of attracting long-term financial resources. The article also considers such issues as insufficient diversification of the resource base in private commercial banks, the short-term nature of deposits, public trust in the banking system, and the impact of the competitive environment. The article develops proposals for improving the efficiency of the resource base by expanding innovative banking services, developing long-term financial relations with customers, and improving deposit policy.

**Keywords:** private commercial banks, resource base, deposit policy, bank resources, financial stability, banking system, deposits, bank competition, long-term resources, efficiency of the resource base.

## Introduction

Today, the resource base of commercial banks plays an important role in ensuring the stable development of the banking system, financially supporting sectors of the economy, and increasing investment activity. In particular, in the activities of private commercial banks, the adequacy, stability, and effective management of the resource base directly affect banks' lending capacity, liquidity level, and financial results. Therefore, the formation of bank resources and their rational use are considered among the most pressing scientific and practical issues in the modern financial and banking system.[1]

The main part of the resource base of private commercial banks consists of deposit funds, bank capital, attracted credit lines, and other financial sources. However, the maturity, cost, and stability of these resources are among the key factors determining the efficiency of banking activities. In practice, some private banks face problems related to insufficient diversification of the resource base, a low share of long-term resources, the short-term nature of deposits, and the need to strengthen customer confidence.[2]

In addition, increasing competition among banks, fluctuations in interest rates, the level of the population's savings culture, and financial literacy also influence the process of forming the resource base of private commercial banks. This situation requires banks to improve their deposit policy, offer convenient and innovative services to customers, attract long-term financial resources, and increase the efficiency of resource utilization.

From this point of view, it is important to identify the problems in improving the efficiency of the resource base of private commercial banks, analyze their causes, and

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develop scientific and practical proposals to address them. This study scientifically examines the specific features of resource base formation in private commercial banks, existing problems, and possible solutions.[3]

### **Literature Review**

The issue of forming the resource base of private commercial banks and improving its efficiency has been studied by many foreign and domestic scholars. In the scientific literature, bank resources are interpreted as the financial foundation of banking activity and as an important source for ensuring lending capacity and liquidity.

According to F.S. Mishkin, commercial banks, as financial intermediaries, attract savings and direct them to the real sector of the economy. The scholar emphasizes that the process of attracting resources in banking activity is not only about accumulating funds, but also about managing them effectively in terms of maturity, cost, and risk level. This approach is particularly important for private commercial banks, since a stable resource base determines a bank's lending potential and competitiveness in the market.[4]

In his studies on bank management, P.S. Rose notes that attracting cheap and stable deposit resources is one of the main strategic tasks for commercial banks. In his view, the profitability of a bank largely depends on the cost of attracted resources and the efficiency of placing them in active operations. Therefore, private banks should develop their deposit policy based on customer needs, market conditions, and changes in interest rates.

J.F. Sinkey links the process of managing the resource base in commercial banks with the coordination of assets and liabilities. According to the scholar, financing long-term assets through short-term liabilities may negatively affect a bank's liquidity and financial stability. This approach indicates the need to increase the share of long-term resources, diversify deposit maturities, and reduce liquidity risks in private commercial banks.[5]

T.W. Koch emphasizes that the structure, cost, and maturity of resources in commercial banking activity directly affect bank profitability. According to his scientific views, the excessively high cost of bank resources may lead to an increase in loan interest rates, which in turn may reduce customer activity. Therefore, in forming the resource base, private commercial banks should take into account not only the volume of funds, but also their cost and stability.

According to A. Saunders, diversification of resource sources plays an important role in ensuring financial stability in banks. The scholar emphasizes that banks should not rely on only one type of financial source, but should effectively use deposits, interbank loans, capital market instruments, and international credit lines. This view is also relevant for private commercial banks, since a narrowly formed resource base may increase liquidity and interest rate risks in banking activity.[6]

Based on the above scientific views, it can be stated that improving the deposit policy, diversifying resource sources, attracting long-term and low-cost funds, and ensuring consistency between the maturities of assets and liabilities are important in increasing the efficiency of the resource base of private commercial banks. In addition, the stability of the resource base expands banks' lending opportunities, improves their financial results, and increases their competitiveness in the banking system.

### **Research Methodology**

The study examines the processes of forming the resource base of private commercial banks and improving its efficiency. It analyzes the importance of the main sources of bank resources, including deposits, bank capital, interbank loans, and other attracted financial funds. In addition, the stability, maturity level, cost, diversification of the resource base, as well as internal and external factors affecting it, are considered. The study uses a systematic approach, comparative analysis, economic-statistical analysis, and generalization methods.[7]

### Results and discussion.

At present, most transition economies face a shortage of long-term resources. In particular, in Uzbekistan, the share of long-term deposits in the total volume of deposits does not exceed 30 percent. Therefore, the capital of commercial banks in such countries serves as an important instrument for financing investment projects. Taking these circumstances into account, our research proposes ways to expand the resource base of commercial banks by identifying and addressing the most relevant problems in the process of strengthening their resources. In our view, these measures include the following.[8]

It is necessary to increase the resource base of commercial banks by expanding their capital through the regular issuance of ordinary shares. Authorized capital, together with the bank's retained earnings, constitutes the most stable part of bank capital. These sources continue to serve as a foundation for the development of banking operations. In addition, in the process of transition to Basel III requirements, increasing the adequacy of bank capital largely depends on authorized capital and retained earnings. In order to ensure the stability of the share of authorized capital in the structure of bank capital, it is recommended that the bank's annual financial policy ensure that the growth rate of authorized capital is at least equal to the growth rate of retained earnings.[9]

Furthermore, it is important to introduce modern mechanisms aimed at increasing the capitalization level of commercial banks.

In order to strengthen the financial base of commercial banks, it is necessary to expand the use of long-term subordinated debt obligations, which are considered one of the main instruments for increasing additional capital. The absence of subordinated debt obligations in the activities of commercial banks indicates their weakness in the long-term lending market. Subordinated debt obligations are an economically efficient way to provide long-term resources and form bank capital. In addition, in the future, subordinated debt obligations of reliable clients may be converted into bank shares in order to increase the authorized capital of a commercial bank. Therefore, it is recommended to introduce the practice of attracting long-term subordinated debt obligations through commercial banks.[10]

To strengthen the financial base of commercial banks, it is also necessary to increase the number of innovative, modern, and attractive deposit products offered by banks in order to attract reliable funds, taking into account inflation targeting principles.

Banks in industrially developed countries effectively use a high level of economic stability when determining interest rates paid on deposits, especially taking into account the refinancing rate set by the central bank. In Japan, the United States, and Western European countries, the refinancing rate has a significant impact on the formation of interest rates on bank deposits and loans. In the banking practice of our country, the refinancing rate is determined depending on the expected inflation rate. Therefore, the inflation rate serves as one of the main indicators in determining deposit interest rates.

When setting interest rates on commercial bank deposits, it is very important to take into account the inflation rate within the framework of the country's inflation targeting regime. In addition, the development of the securities market in our country should also be considered. The growth of this market plays an important role in influencing interest rates on bank deposits. In the banking practice of industrially developed countries, the average yield of securities in the stock market is taken into account when calculating the interest rates on deposits.[11]

It is also necessary to expand the possibility of introducing new online savings services using digital banking technologies in customer service.

The legal basis for introducing digital technologies into the national economy, including the financial and banking sector, was created by the relevant decision of the President of the Republic of Uzbekistan. Undoubtedly, the state should implement broad

initiatives to support the development of the digital sector in the national economy. This is especially important for the wide integration of advanced technologies into production, given their rapid development at the global level. The development of the digital economy requires the improvement of information and technology platforms, including the creation of new models for these platforms.

In order to develop digital banks, it is necessary to establish strong cooperation between government agencies and business entities in implementing new ideas, technologies, and achievements. This contributes to the development of public-private partnership. Commercial banks must constantly introduce new online deposit services using digital banking technologies that meet modern requirements. It is important that these services be easy for customers to understand, based on the study of the needs and preferences of the population and business entities. In addition, informing the general public about these services is an important task for commercial banks.[12]

To ensure the strength and stability of the deposit base, commercial banks should exercise continuous control over the funds they attract. For this purpose, it is recommended to pay attention to the following issues.

Commercial banks should have a clear plan for ensuring the stability of attracted deposits. An important component of this approach is marketing, which helps improve the quality of deposit products offered to customers. Even during periods of economic crisis, maintaining customer confidence in banks is extremely important. It should be noted that extending the maturity of savings deposits reduces fluctuations in the deposit base. Data show that from 2020 to 2025, savings deposits accounted for around 4 percent of total deposits in commercial banks. To address these issues, the following measures are important:

- It is necessary to improve the deposit policy of commercial banks.
- It is necessary to strengthen guarantees for the full repayment of deposits and savings within the contractual terms established by commercial banks.
- It is necessary to improve the mechanism for approving interest rates in commercial banks.
- It is necessary to increase the share of long-term deposits in the overall deposit structure of commercial banks.

When analyzing the resources attracted by commercial banks, it is important not only to assess the stability of deposits but also to monitor their sources. According to statistical data, in 2025, deposits placed by legal entities exceeded deposits placed by individuals by more than five times. While individuals accounted for 16 percent of total deposits, legal entities accounted for 84 percent. In order to increase the volume of stable deposits of legal entities in the bank's resource base, it is necessary to increase their interest rates in accordance with the maturity and amount of deposits.

As noted above, almost 84 percent of commercial bank deposits belong to Table 1. legal entities. At the same time, a significant share of deposits placed by legal entities consists of term deposits and demand deposits. In order to increase the share of term and savings deposits in the total deposit structure of commercial banks, it is recommended to set variable interest rates for term and savings deposits placed by legal entities, taking into account their maturity and amount.[13]

**Table 1.** Main Terms of Term Deposits Offered by Commercial Banks to Legal Entities

| Deposit terms | From 3 to 6 months | From 6 to 9 months | From 9 to 12 months | From 12 to 18 months | From 18 to 24 months | More than 24 months |
|---------------|--------------------|--------------------|---------------------|----------------------|----------------------|---------------------|
|---------------|--------------------|--------------------|---------------------|----------------------|----------------------|---------------------|

| Current<br>annual<br>interest<br>rate  | Up to 8%                                           | Up to<br>10.0%                                      | Up to 11.0%                                       |                                                 |                                                 |                                                  |
|----------------------------------------|----------------------------------------------------|-----------------------------------------------------|---------------------------------------------------|-------------------------------------------------|-------------------------------------------------|--------------------------------------------------|
| Proposed<br>annual<br>interest<br>rate | 8-10%                                              | 10-12%                                              | 12-14%                                            | 14-15%                                          | 15-15.5%                                        | 15.5-16%                                         |
| Deposit<br>amount                      | From<br>UZS 10<br>million to<br>UZS 100<br>million | From<br>UZS 100<br>million to<br>UZS 500<br>million | From<br>UZS 500<br>million to<br>UZS 1<br>billion | From<br>UZS 1<br>billion to<br>UZS 3<br>billion | From<br>UZS 3<br>billion to<br>UZS 5<br>billion | From<br>UZS 5<br>billion to<br>UZS 10<br>billion |

Table 1 shows that commercial banks offer term deposits to legal entities in order to expand their resource base by increasing the share of stable deposits, taking into account the existing inflation rate in the country. In this case, the bank sets different interest rates depending on attractive terms and the maturity of deposits. In particular, short-term interest rates are lower than the refinancing rate of the Central Bank of the Republic of Uzbekistan, while long-term interest rates are higher than this rate.

In this process, there is a specific feature that the bank should carefully consider. Accordingly, a commercial bank enters into an agreement to transfer the client's temporarily idle funds into a term or savings deposit and pay interest to the client. In turn, the client agrees not to use the agreed amount in the bank account for a certain period of time.

This approach to attracting bank resources is considered highly convenient on a broad scale, as it benefits both the bank and the client. Large firms with significant cash inflows receive interest income depending on the amount of funds held in their accounts. At the same time, commercial banks gain the opportunity to increase their stable resource base. By attracting clients' funds into deposits, commercial banks can strengthen their resource base. Moreover, this strategy increases the bank's income-generating capacity and reduces the risk of facing severe liquidity problems. When a client needs cash, they should notify the bank in advance. By withdrawing funds before maturity, the client may use a reduced interest rate, while the bank will have the opportunity to search for alternative resources within a certain period. It is also important to note that attracting resources in this way allows commercial banks to further develop their active operations.[14]

It is important to increase the amount of capital included in the capital structure of commercial banks. The inclusion of additional capital in Tier 1 capital, as defined by international Basel standards, ensures stability and makes it an integral part of the bank's capital base. Data show that when commercial bank shares are initially offered on the stock exchange, they are often valued at nominal value. In addition, due to the insufficient development of the securities market in our country, highly profitable bank shares are unable to form their real market value. In order to determine the actual market value of bank shares, it is necessary to increase their attractiveness and thereby expand trading activity in the secondary market. Under mature market conditions, the price of bank shares is expected to fluctuate frequently during the day. In our view, in some cases, the sale of bank shares even at a certain issue discount may contribute to the stability of the bank's capital structure. This can be achieved through the placement of bank shares via an initial public offering (IPO) and a secondary public offering (SPO).

It is necessary to establish auxiliary companies within commercial banks, such as leasing, trust, factoring, forfaiting, and insurance organizations. The main purpose of establishing such companies is to increase the net profit and capital of commercial banks.

Branches within commercial banks do not have an independent balance sheet; therefore, their net profit at the end of the year is reflected in the financial statements of the commercial bank, which leads to an increase in the bank's total net profit. Alternatively, bank capital may increase by reducing resources allocated to auxiliary companies that are included in Tier 2 additional capital and treating them as capital available to external parties. Taking this into account, it can be stated that our objective is to develop and improve the regulatory and legal framework, as well as regulatory procedures, for specialized credit institutions that may be established within commercial banks of the republic.

In industrially developed countries, it is common practice for commercial banks to establish specialized credit organizations within their structure, such as trust, leasing, factoring, and forfaiting companies. Consequently, such institutions can contribute to increasing bank revenues and attracting additional financial resources.

It is necessary to expand the use of debt securities in the process of attracting reliable sources of financing by commercial banks.

Debt securities have specific characteristics that distinguish them from other forms of attracting funds to commercial banks. For example, debt securities may serve as the subject of purchase and sale transactions, donations, inheritance, contributions to company capital, and property exchange. They may also be used as collateral.

Commercial banks have the right to issue loans directly secured by debt securities, regardless of whether such securities were issued by themselves or by other banks. Debt securities are mainly issued for a relatively long term, for example, from 6 months to 3 years.

Based on the presented information, it can be concluded that debt instruments issued by commercial banks serve as a means of attracting resources and may also be used as collateral when obtaining loans. In addition, funds attracted through the issuance of debt instruments are exempt from mandatory reserve requirements. Consequently, this measure helps increase the lending capacity of commercial banks while ensuring the stability of their financial resources.[15]

### **Conclusion.**

In our republic, significant attention is paid to the effective organization and maintenance of commercial banks' liquidity in order to facilitate their activities and ensure the timely and full fulfillment of obligations to customers. In order to assess the actual net interest spread ratio of banks and bring it to the required level, it is necessary to stop the practice of using demand deposits as a direct source of financing.

At present, commercial banks in our country use demand deposits as a direct source of financing. As a result, it becomes difficult to accurately assess the actual interest spread ratio of banks. Due to the methodology used in calculating the net interest spread ratio, the amount of demand deposits and the interest income derived from them should not be included.

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