AMERICAN JOURNALS
Open Access, Peer Reviewed Journals

American Journal of Pedagogical and Educational Research
ISSN (E): 2832-9791| Volume 43, |December - 2025

PRACTICE OF LIABILITY MANAGEMENT IN COMMERCIAL BANKS BY ENSURING DEPOSITS STABILITY

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ABSTRACT

Deposits account for a significant share of commercial banks' liabilities. Specifically, according to the Republic of Uzbekistan, as of November 1, 2025, the total liabilities of all commercial banks in the Republic amounted to 745,616.0 billion soums, of which deposits accounted for 377,565.0 billion soums, or 50.6 percent. This requires, first and foremost, ensuring deposit stability in commercial banks' liability management.
This article determines the share of deposits in the loan portfolio structure of commercial banks in the Republic, their optimal size, and the challenges associated with banks' lending operations. Research proposals aimed at addressing these challenges are developed.

KEYWORDS

Commercial bank, loan, deposit, problem loan, interest, bank liabilities, liquidity, loan portfolio, deposit portfolio, investment, security, income.

INTRODUCTION

The Decree of the President of the Republic of Uzbekistan dated May 12, 2020 "On the Strategy for Reforming the Banking System of the Republic of Uzbekistan for 2020-2025" No. PF-5992 sets the following urgent tasks as target indicators for the implementation of the Strategy for Reforming the Banking System of the Republic of Uzbekistan: to increase by the end of 2025 the share of banks' liabilities to the private sector in total liabilities to 70 percent, the ratio of deposits to banks' liabilities to 50-60 percent, the ratio of bank deposits to GDP to 25-27 percent, and to reduce the share of liabilities in foreign currency in total liabilities to 40-45 percent [1]. Furthermore, the Development Strategy for the New Uzbekistan notes that ensuring macroeconomic stability and gradually reducing annual inflation to 5 percent by 2023, further improving and enhancing the attractiveness of the country's investment climate, taking measures to attract $120 billion in investment over the next five years, including $70 billion in foreign investment, expanding financial resources in the economy by increasing stock market turnover from $200 million to $7 billion over the next five years, further increasing the country's export potential, and increasing the country's export volume to $30 billion in 2026 are important factors in accelerating the development of the national economy and ensuring high growth rates [2].
The above objectives highlight the importance of developing deposit stability while improving the liabilities of commercial banks.

LITERATURE REVIEW ON THE TOPIC

In the textbook "Banking and Banking Operations," co-authored by Maramigin and other scholars, a bank's resource base is described as follows. A commercial bank's resource base is the acquisition of funds from economic entities and the population's income, which are mobilized by the bank under ownership relationships and debt obligations for subsequent distribution within the mid-tier economy, as well as additional legal and material resources for this purpose, defined as private [3].

Indeed, the above provisions are entirely justified for the banking system. Deposits from individuals and legal entities serve as the driving mechanism for lending, which is the core activity of banks. Their redistribution and targeted spending will yield threefold economic benefit.

According to O.I. Lavrushin, commercial bank resources, or "banking resources," represent the sum of resources attracted by the bank and used to carry out its active operations [4].

Lavrushin's opinion is relevant to global practice and the banking system of the Republic of Uzbekistan. While we emphasize that commercial banks' resources are generated through their own funds and borrowed funds, we believe we place greater emphasis on their sources. The need for bank resources arises as a result of the organization and conduct of banking activities. In the initial stages of bank organization, banks primarily need to have their own capital and, to carry out their activities, to attract funds. Therefore, when describing the nature of commercial banks' resources, it is necessary to consider not only their sources but also the necessity and importance of these funds for the bank's target activities and for achieving their effectiveness.

Professor T.I. Bobakulov emphasizes that, according to the "golden rule," the volume and maturity of a bank's financial needs must correspond to the volume and maturity of its liabilities. Following this rule, banks cannot use current account balances as credit resources, as clients can withdraw them at any time. However, clients typically do not withdraw all their funds at once, so a bank's cash reserve is formed proportionally to deposits [5].

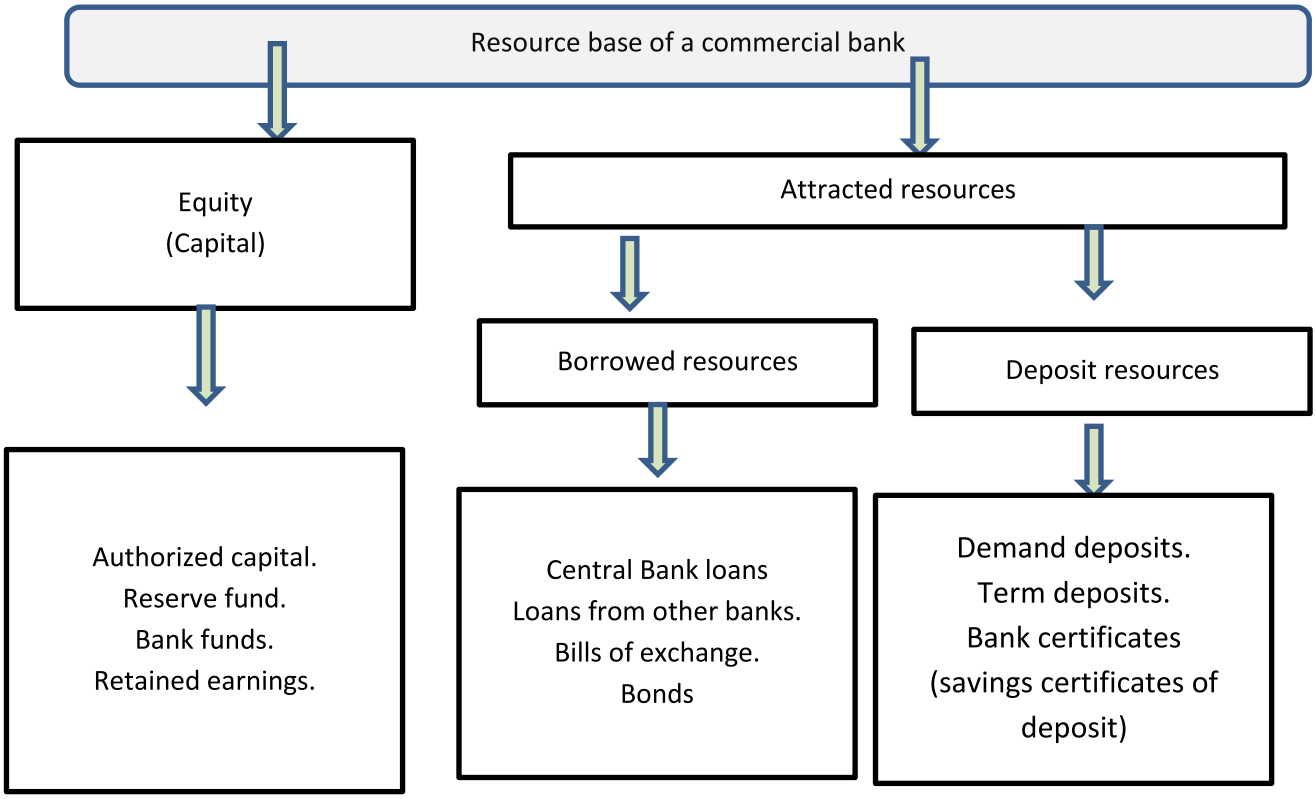
Bobakulov's opinion above is relevant for the banking system of the Republic of Uzbekistan. Today, due to the imbalance between the maturities of issued loans and deposits attracted by commercial banks in our country, banks face a growing risk of transformation. This negatively impacts the competitiveness and liquidity of banks.

According to the scientific innovation presented by Sh. T. Ibodullaev, the recommendation to increase the current level of bank liquidity by ensuring quantitative proportionality between demand deposits and highly liquid assets, investing a stable balance of operating deposits in highly liquid securities, and ensuring proportionality between the growth rate of short-term assets and the growth rate of short-term liabilities is substantiated. [6]

In support of the above opinion, we would like to note that, in accordance with the experience of the United States of America and the French Republic, which are considered developed countries, it is necessary to develop an increase in bank interest income by introducing the practice of short-term investments in assets considered more liquid than a stable balance of demand deposits (government bonds, Central Bank securities, securities of international corporations recognized as reliable by international rating agencies).

ANALYSIS AND RESULTS

When developing commercial bank liability management practices, we believe it's important to first examine the composition of liabilities, their impact on banking operations, and their structure. To fully describe the sources of commercial bank liabilities, the types of deposits, and debt instruments attracted by banks, we decided to present a diagram based on a study of the banking systems of European and Asian countries.



Picture 1 Diagram of the structure and composition of the resource base of commercial banks

Pic 1 shows that the resources involved in commercial banks' liabilities are important and carry significant weight. Banks' equity (capital) serves as a protective buffer and is essential for their efficient functioning. Increasing the proportion of deposit funds in the structure of banks' borrowed funds is of strategic importance for banks.

1-table Liabilities of commercial banks and the share of deposits in their structure (billion soums) for the period 2022-2025. [8].

№	Bank`s name	2022		2023		2024		2025	
		Obligations	Deposits	Obligations	Deposits	Obligations	Deposits	Obligations	Deposits
1	Uzmilliybank	108 465	42 983	107 210	29 929	119 435	38 266	117 591	47 788
2	Uzsanoatkurilishbank	54 520	13 414	64 386	14 382	76 646	18 274	86 581	26 078
3	Asaka bank	42 772	13 385	46 417	10 694	51 359	14 347	55 041	21 253
4	Agro bank	38 696	11 892	54 126	14 388	65 758	18 873	89 989	29 729
5	Ipoteka bank	36 021	14 038	38 308	15 932	44 780	24 760	44 368	25 390

The data in Table 1 shows that during the analyzed period, all of the country's largest banks, including Uzmilliibank, Uzsanoatsqurilishbank, Asakabank, Agrobank, and Ipoteka, experienced increased liabilities and a higher share of deposits in their structure. This is a positive development from a bank liability management perspective.

The data in Table 2 shows that deposits accounted for a very small share of bank liabilities. This indicates that the bank's investment attractiveness is low, and the majority of its liabilities are represented by borrowed funds, which are considered expensive and risky.

CONCLUSIONS AND SUGGESTIONS

In managing commercial banks' liabilities and analyzing their deposit base, we reached a number of conclusions:

* Deposits from individuals and legal entities serve as the driving force behind lending, which is the core business of banks. Their redistribution and targeted spending will yield threefold economic benefits;
* Commercial banks' resources are generated from their own funds and borrowed funds; in our opinion, we pay more attention to their sources. The need for bank resources is determined by the organization and conduct of banking activities;
* Due to the imbalance between the maturities of issued loans and deposits attracted in commercial banks in our country, banks face a deepening risk of transformation;
* In accordance with the experience of the United States and France, it is necessary to develop an increase in bank interest income by introducing the practice of short-term investments in assets considered more liquid than a stable balance of demand deposits (government bonds, Central Bank securities, securities of international corporations recognized by reliable international rating agencies).

Furthermore, our research led to the development of the following proposals regarding the importance of deposits in commercial bank liability management:

1. To improve the stability of commercial bank deposits, implement the practice of using and calculating a methodology for determining a stable balance of deposits held to maturity.
2. Ensure proportionality between term liabilities and term assets to prevent the risk of deepening transformation in banks.
3. Set a minimum net interest rate difference indicator above the minimum price in the deposit market, thereby gaining an advantage in interbank competition.

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