

Specific Aspects of The System of Guaranteeing Population Deposits in Uzbekistan

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Abstract: The deposit guarantee system in Uzbekistan plays an important role in ensuring the country's financial stability and increasing the population's confidence in the banking system. This system is aimed at protecting deposits held in banks and aims to minimize the risk of depositors losing their funds. The deposit guarantee system is managed by the Central Bank of the Republic of Uzbekistan and the Depositors' Guarantee Fund of the Republic of Uzbekistan. One of the main features of the system is the establishment of maximum amounts of guaranteed deposits, the launch of rapid compensation mechanisms in the event of banks experiencing financial problems, and the provision of guarantees to the population to ensure stability. Also, the reforms implemented in the banking and financial system of Uzbekistan in recent years are aimed at increasing the efficiency of the guarantee system. This article analyzes the specific aspects of the deposit guarantee system in Uzbekistan, its impact on the national financial system and development prospects. Also, practical recommendations for further improving the system based on foreign experience are developed.

Keywords : Depositor, retail deposits, savings, deposit policy, guarantee of population deposits, deposit guarantee.

Introduction

The role of the banking system in the economy of the Republic of Uzbekistan is incomparable, and population deposits are one of the main financial sources of this system. Population deposits are important not only for ensuring the liquidity of banks, but also for the formation of investment resources necessary for the sustainable development of the economy. Therefore, the effectiveness of the system of guaranteeing population deposits is an important tool in ensuring the country's economic stability.

Currently, due to the acceleration of financial market reform processes in Uzbekistan, the issues of security in the banking system and increasing the trust of the population are becoming more urgent. In the conditions of changes in the world financial markets and global economic difficulties, the system of guaranteeing population deposits is the main guarantee not only for ensuring the stability of the banking system, but also for strengthening economic confidence.

Mechanisms developed by the Depositors Guarantee Fund of the Republic of Uzbekistan play an important role in protecting public deposits. In particular, measures such as determining the maximum amount of guaranteed deposits, compensating depositors in banks facing financial problems serve to protect the population from financial risks. However, there is still a need to further develop this system and adapt it to international standards.

The level of guarantee of deposits is one of the main motivators in attracting people to the banking system. Although the volume of population savings has been growing in recent years, it is important to improve the guarantee system to further stimulate this process. In particular, studying the best practices of foreign countries, introducing digital technologies and increasing the capacity of the guarantee fund are seen as priority tasks.

There are also opportunities to improve the efficiency of the system by providing residents with additional savings benefits, higher interest rates, and security guarantees. These approaches not only increase the liquidity of the banking system, but also play a major role in attracting free funds from the population to economic activities. Therefore, the development of the system of guaranteeing population deposits is one of the strategic goals of the banking sector of Uzbekistan.

LITERATURE REVIEW. In Uzbekistan, the deposit guarantee system is an important component of the country's financial infrastructure, designed to protect depositors and maintain stability in the banking sector. The system is part of a broader effort to transition from a command economy to a market-oriented economy that has been ongoing since the collapse of the Soviet Union. The system of guaranteeing deposits in Uzbekistan is distinguished by a number of specific aspects that reflect the unique economic and regulatory environment of the country.

The historical evolution of the economy of Uzbekistan and its specific conditions require an adapted approach to deposit guarantees that differs from models in economically developed countries (Akimov, 2002).

In Uzbekistan, commercial banks are the main institution of deposit operations and play a decisive role in the economy. The deposit base of these banks is very important for their operation and stability (Malikova, 2020).

Strategies for increasing the efficiency of deposit policy in commercial banks have been developed, and strengthening the deposit base is the main direction. The deposit policy in commercial banks of Uzbekistan is aimed at ensuring the safety and reliability of banking services, which are important for maintaining the trust of depositors. Theoretical and practical suggestions for strengthening the deposit base were developed, including improving the deposit insurance system to reduce risks and increase financial stability (Yakubova, 2020).

The deposit guarantee system in Uzbekistan faces challenges specific to a transition economy, such as ensuring adequate coverage and funding to prevent moral hazard and promote depositor confidence (Kleftouri, 2015).

Reforms in the financial system, including the deposit guarantee scheme, are underway to address these issues and align with international standards (Akimov, 2002).

Although the deposit guarantee system of Uzbekistan is adapted to its specific economic context, it has common goals with the systems of other countries, such as ensuring financial stability and protecting depositors (Banaś, 2022).

The design and effectiveness of the system is influenced by the need to adapt to local conditions such as global trends and other transitional economies (Kleftouri, 2015).

Unlike developed economies, where the deposit guarantee system is well established and integrated into the financial security system, Uzbekistan's system is still developing. The main focus is on strengthening the deposit base and ensuring the efficiency of the system in the transitional economic conditions. This involves balancing the need for depositor protection with the challenges of limited resources and regulatory capacity. As Uzbekistan continues its economic reforms, the deposit guarantee system may undergo further changes to increase its role in financial stability and depositor confidence.

Research methodology. The system of guaranteeing population deposits is important in the process of economic development of Uzbekistan. This system, first of all, is aimed at encouraging the attraction of financial resources of the population to commercial banks and ensuring the stability of the banking system. Systematic approach, economic-statistical analysis, integration of international experiences, and methods of analysis of normative and legal frameworks play a key role in the development of the methodology.

Analysis and results. One of the main functions of banks is to help accelerate the circulation of cash in circulation by attracting the population's idle funds. That is why banks need the trust of depositors. This includes timely financing of all sectors, entrepreneurship and production rapid development can ultimately be achieved by ensuring timely payment of wages. Another measure that increases depositors' confidence in the banking system is the creation of a deposit guarantee system.

The main purpose of guaranteeing bank deposits is to protect the interests of depositors in the event of a bank crisis. When this system is in place, when the banking system is in crisis, the cases of withdrawal of deposits and public panic among the population will be eliminated. In the economy, deposit guarantee systems are necessary, which provide:

1. Protection of depositors' interests.
2. To introduce specific rules for the operation of financial organizations and to ensure the use of specific rules when terminating their activity.
3. Stabilize the normal banking activity and ensure the creation of a support mechanism for the financial system.

In all countries of the world, including countries transitioning to a market economy, the deposit protection system is aimed at protecting deposits on a legal basis. In this case, the maximum amount of guaranteed (insured) deposit is determined by law. Of course, depending on the development of the country's economy, the concept of "small deposit" is accepted differently in all countries. There are several reasons why the interest of small depositors is a priority:

- 1) a large part of national savings corresponds to small deposits.
- 2) the large number of small depositors causes uncontrollable protests and quarrels during banking crises.
- 3) protection of depositors usually requires a lot of financial resources, mainly budgetary funds, which forces the state to limit the amount of guaranteed deposits.

The process of creating a system that ensures the protection of people's funds placed in banks continues. In the last decade, such systems have been created in Eastern Europe and the Baltic countries. Insurance systems have been established in Kazakhstan, Ukraine, Russia, and Tajikistan, which are part of the CIS. This indicates that the establishment of protection of population savings is recognized as a necessary element of an effective system that ensures the financial security and stability of the state throughout the world.

The most safe and reliable way for citizens to earn income is to place free funds in bank deposits and buy their securities. In the conditions of the market economy, millions of citizens use various services of banks, such as transferring money, making payments, placing free funds in deposits, for their mutual benefit. Banks, which are one of the nations that make up the continuous chain of the

economy, are also affected by economic crises in society. As a result, citizens who are not protected by law will be deprived not only of their income, but also of their deposits in banks. In the past century, crises occurred not only in developing countries, but also in developed countries, as a result of which dozens of banks went bankrupt and closed, many depositors were deprived of their savings and caused the public's trust in banks to decline. Idi Bank crises that have occurred require taking necessary measures to protect the interests of depositors. One of such measures was the establishment of a deposit protection system. In 1995, the Decree of the President of the Republic of Uzbekistan and the Decision of the Cabinet of Ministers "On the norms of implementation of the program of development of the banking system of Uzbekistan" provided for the creation of a system of protection of bank deposits in case of bankruptcy of banks. The 1st draft of the law "On compulsory insurance of bank deposits in case of bankruptcy of banks" was developed in 1997. The main debate revolved around whether or not such a system was appropriate for the era. The party against the idea of creating this mechanism gave the following reasons as proof of their opinion:

- In the legislation of the Republic of Uzbekistan, the Law "On the Central Bank", "On Banks and Banks' Activity" and "On the Protection of Consumer Rights" have several provisions aimed at protecting bank deposits of the population. availability of substances;

- The amount of required reserves of commercial banks in the Central Bank is sufficient to cover the sum of all deposits, etc.

In addition, the World Bank explained that the creation of a deposit guarantee system in Uzbekistan is not necessary for this period for the following reasons:

- the creation of a deposit guarantee system was not enough to restore public confidence in the banking system;

- the deposit guarantee system violates the discipline of banks in lending and may delay payments to the state budget.

In April 2002, by the Oliy Majlis of the Republic of Uzbekistan, "On Guarantees for the Protection of Citizens' Deposits in Banks" The adoption of the law created the legal basis for the protection of citizens' deposits in banks and the establishment of a guarantee system in our country. Also, this Law defined the legal, financial activity and organizational basis of the system of guaranteeing deposits of citizens in banks operating in Uzbekistan.

The purpose of the adoption of the law is, first of all, social protection of the population, that is, protection of the rights and legal interests of depositors. Secondly, it is aimed at further increasing trust in republican banks and encouraging the attraction of public deposits to banks operating in Uzbekistan.

In order to strengthen public confidence in the banking system, reduce non-bank circulation of cash funds, accelerate the country's economy and increase the living standards of the population, as an extremely important source of investment resources, to further stimulate the attraction of free funds of the population to the deposits of commercial banks On February 21, 2008, the Presidential Decree "On additional measures to liberalize the terms and conditions of public deposits in commercial banks and ensure their guarantees" was adopted. done

During the years of independence, the banking system was fundamentally reformed and liberalized in our country based on the principle of "The bank is for the client, the client is not for the bank." The client has the right to choose a bank, keep funds in several bank accounts and withdraw funds from any branch of the bank, regardless of where they are located. Suffice it to say that today more than 800 branches and divisions of commercial banks are engaged in customer service in all regions and settlements of the country.

At the same time, some people still have a strong distrust of the banking system, and the habit of keeping money outside of banks is deeply rooted. Such a psychological stereotype arose in the

conditions of the previous system, when there was only one monopolist-bank of the state, it was not always convenient to get money, often the banks themselves did not have funds. As a result, the population was distrustful of saving money in savings banks, and most savings were kept at home.

It should be noted that legalization of capital was carried out in a number of countries in order to increase the confidence of the population in the banking system and attract funds from the informal economy to the real sector. In particular, one-time capital amnesty events were held in countries such as the Russian Federation, Kazakhstan, and Switzerland.

The Decree of the President of the Republic of Uzbekistan "On additional measures to liberalize the terms and conditions of public deposits in commercial banks and ensure their guarantees" is intended to further strengthen the public's trust in the banking system and free money of the public. aimed at attracting funds to commercial bank deposits.

A lot of work has been done in this direction, a modern legislative and legal framework has been created, the relevant procedures of the current legislation have been approved, but they still do not fully meet the requirements of the time.

In accordance with the Decree adopted by the President of the Republic of Uzbekistan, between April 1, 2008 and April 1, 2009, anyone who wants to open a deposit account in a bank, to which unlimited amounts in national and foreign currency and documents confirming their origin can deposit any amount of money without providing it.

It is important to note that the depositor can deposit funds both in his personal account and in the account of the provider, that is, anonymously, and the funds themselves are in the form of cash, and the depositors have foreign bank accounts. can be deposited by transferring money from personal accounts.

According to the decree, it is not only not required to submit declarations and documents about the sources of funds to be invested, their request was strictly prohibited. In addition to banks, such requests were prohibited to local authorities, law enforcement, tax and other control bodies. In addition, it is illegal to request references and other information about the origin of funds from the depositor in any way, which is strictly and according to the legislation on bank secrecy. ensures compliance.

Another important point of the decree is that the funds deposited by individuals in the period between April 1 of this year and April 1, 2009 will not be checked by the tax authorities - because they are exempt from all types of taxes and mandatory payments.

In the decree, great attention is paid to the issues of ensuring reliable guarantees of bank secrecy, applying strict liability measures against officials for disclosing it.

The implementation of the adopted Decree will strengthen the reliable partnership between banks and the population, significantly increase the flow of free money in national and foreign currency into the deposits of commercial banks, further develop the country's economy and consistently raise the standard of living of the population, and invest resources from them. can be used as, in order to provide reliable guarantees to protect the deposits of citizens of the Republic of Uzbekistan from the possible negative consequences of the global financial crisis, to create additional conditions for attracting citizens' deposits to commercial banks, on November 28, 2008 on additional measures to ensure Presidential Decree was adopted. According to the decree:

1. In accordance with the Law of the Republic of Uzbekistan "On Guarantees for the Protection of Citizens' Deposits in Banks", funds placed in commercial bank deposit accounts of individuals are protected by the state, and reliable guarantees of payment of fees for citizens' deposits are provided by law;

2. Regardless of the amount of the deposits, full payment of fees is guaranteed for citizens' deposits in the deposit accounts of commercial banks;

3. Payment of the full amount of fees for citizens' deposits is carried out from the funds of the

commercial bank and the funds formed at the expense of the contributions and allocations of the commercial banks in accordance with the legislation.

In addition to the full return of citizens' deposits at their first demand and the expansion of attractive deposit types, guaranteeing the return of these funds kept in banks is an important factor in strengthening the trust of the population in banks.

In 2023, special attention was paid to reforming the deposit guarantee system, ensuring the long-term stability of the banking financial system, and bringing it into line with advanced foreign experience and international standards.

In order to regulate relations in the field of guaranteeing deposits in banks by establishing measures aimed at ensuring the protection of the rights and interests of depositors, the new draft law "On Guarantees for the Protection of Deposits in Banks" is based on international standards related to the field - "Main principles of an effective system of guaranteeing deposits "was developed in accordance with

This includes the activities of the deposit guarantee agency, the guarantee system, the participation of banks in the guarantee system, sources of funds of the deposit guarantee fund, guarantee objects, the amount of guaranteed deposits and the procedure for paying compensation for them.

It should be noted that today the amount of calendar contributions to the Citizens' Bank Deposit Guarantee Fund (hereinafter referred to as the Fund) has increased by 1.6 times compared to 2022 and reached 666.1 billion soums.

In this case, the amount of calendar contributions received since the beginning of the Fund's operation as of January 1, 2024 totaled 2.0 trillion soums. In 2023, a total of 2.1 trillion soums returned to the Fund due to the calendar contributions received from banks, income received and due to the expiration of the term will be allocated to income-generating assets, including 1.2 trillion soums to government securities, 45 billion soums part of it was placed in the bonds of the Uzbekistan Mortgage Refinancing Company, and the rest in the deposit and deposit certificates of commercial banks.

As of January 1, 2024, the total investments of the Fund increased by almost 1.0 trillion soums or 1.5 times compared to the beginning of the year and reached 3.1 trillion soums, and the income from these investments amounted to 457.6 billion soums made m.

The system of attracting public deposits for the economy of Uzbekistan through banks serves to develop the real sector. It is important to ensure the safety of deposits and increase public confidence in attracting people's funds to banks. In Uzbekistan, the deposit guarantee system is an important tool in this direction.

The system of guaranteeing deposits is aimed at ensuring the safety of deposits of citizens in commercial banks in the Republic of Uzbekistan, and the main elements of the system are as follows (Table 1):

Table 1 Elements of guaranteeing public deposits in commercial banks of the Republic of Uzbekistan¹

Elements	Explanation
Determining the guaranteed amount of the deposit	The maximum guaranteed amount is set for each depositor.

¹Compiled by the author.

Formation of a special insurance fund	It is formed on the basis of contributions paid by commercial banks.
Guarantee body	Fund for guaranteeing citizens' deposits in banks
Insurance event	The period when the bank falls into the process of liquidation or insolvency.

Today, there are several factors that increase the importance of the system of guaranteeing the funds of the population. Firstly, it is necessary to improve the guarantee mechanisms in order to increase the trust of the population in the banking system. Secondly, population savings serve to form a long-term resource base of the economy. Thirdly, based on the experience of developed countries, the deposit guarantee system is the main factor of the population's trust in bank deposits.

From the experience of developed countries, it can be seen that an effective deposit guarantee system increases public confidence in banks and contributes to a significant increase in the volume of deposits. In particular, in the USA, there is a high guarantee level for each depositor, which is 250,000 USD. In Germany, the amount of insurance premiums paid by banks is high and amounts to 100,000 Euros. In Japan, customers are guaranteed up to \$90,000 of their principal along with interest

As one of the important links of the economic development of Uzbekistan, the activity of the banking system is based on the mechanisms of attracting and guaranteeing people's deposits. The existence of a reliable guarantee system to protect depositors' funds is important in increasing confidence in banks and ensuring financial stability.

Today, the deposit guarantee system in our country is being adapted to modern requirements. This system is an important mechanism that serves to ensure the safety of funds placed by the population in banks. In particular, the guaranteed amount of deposits is defined, and the rights of depositors are protected within this amount.

At the moment, as part of the reforms in the banking system, methods of guaranteeing deposits in accordance with international standards are being introduced. This is an important factor in increasing the confidence of depositors, which helps to further strengthen the bank-client relationship. At the same time, continuous improvement works are being carried out in the direction of eliminating existing shortcomings and increasing confidence in the system of protection of population deposits.

Conclusions and suggestions. In conclusion, the system of guaranteeing population deposits in Uzbekistan is the main component of the banking and financial system, and its further development is of strategic importance in attracting population funds and ensuring economic stability. Through the development of this system, it is possible to attract long-term financial resources to banks.

Improving the system of guaranteeing people's deposits in Uzbekistan today is one of the urgent tasks for ensuring the financial security of the people and strengthening the stability of the banking system. Below are the main suggestions for improving this system:

- it is necessary to determine the amount of guaranteeing deposits at different levels for different social strata of case a . In particular, it is advisable to set the guarantee amount at a high level for the low-income population, and to introduce private insurance mechanisms for the high-income strata ;
- it is necessary to automate the guarantee system using modern digital technologies. It is possible to ensure the transparency and speed of the deposit guarantee process using artificial intelligence and blockchain technologies. This not only increases the confidence of depositors, but also increases the efficiency of system management;

- it is necessary to introduce a system of guaranteeing depositors not only return of principal, but also deposit interest. This increases competition among banks and increases the attractiveness of deposits for the population.

- in order to increase the financial literacy of the population, it is necessary to regularly carry out promotional activities through training courses, media campaigns and online platforms. If the population is financially literate, confidence in the deposit guarantee system will increase.

- it is important to comprehensively make deposit guarantee by developing communication between state and private banks. It is also necessary to diversify the financial resources of the guarantee fund through cooperation with international financial institutions with many years of practice.

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