# Deposits
*(3 months of 2014)*

In January-March 2014 there was an acceleration of the growth of depositary base of commercial banks in the market of bank deposits as compared to the similar period of 2013, which was mainly based by the significant growth in the currency accounts of the legal entities of the main participants of the market.

The indicators of the interest rates on the accepted deposits for three months in the national and foreign currency did not experience significant changes having kept at the level of the similar period of the previous year. In the structural sector the increasing tendency of changes of deposit base was caused by the increase in the balance of funds in the accounts of entities as well as the growth of deposits on demand and fixed-term deposits of the population.

**Chart 1. Dynamics of deposits, accepted by the commercial banks over a period**



Deposits - total ▪ Deposits in national currency ▪ Deposits in foreign currency
◆ % rate in national currency □ % rate in foreign currency

**Chart 2. Deposit structure by depositors**



□ "депозиты юр.лиц в нац.валюте"     ▪ "депозиты юр.лиц в ин.валюте"
▪ "депозиты физ.лиц в нац.валюте"     □ "депозиты физ.лиц в ин.валюте"
▪ "депозиты нерезидентов в нац.валюте"     ▫ "депозиты нерезидентов в ин.валюте"

By the end of the reporting period the volume of the depositary base of commercial banks constituted 70.7 billion KGS having increased from the beginning of the year by 5.1 percent. At the same time the increase was due to the growth of the currency component of the depositary base by 17.2 percent up to 38.5 billion KGS. Deposits in KGS were contrary decreased by 6.5 percent up to 32.2 billion KGS.

According to the results of January-March 2014, from the beginning of the year the dollarization of the depositary base increased by 5.6 percentage points up to 54.4 percent due to the higher rates of the growth in the volume of currency deposits.

In the reporting period, there was an increase in the share of funds on the deposits on demand of the bank's clients in the time structure of the depositary base from 25.2 to 25.4 percent, the share in the bank accounts also increased but not significantly from 35.7 to 35.8 percent. The share of the fixed-term deposits on the loan portfolio decreased from 39.1 to 38.9 percent.

The index of concentration of the market remained at the level of 0.10, which corresponds to the average level of concentration and is equivalent to the presence of ten participants in the market with an equal share.
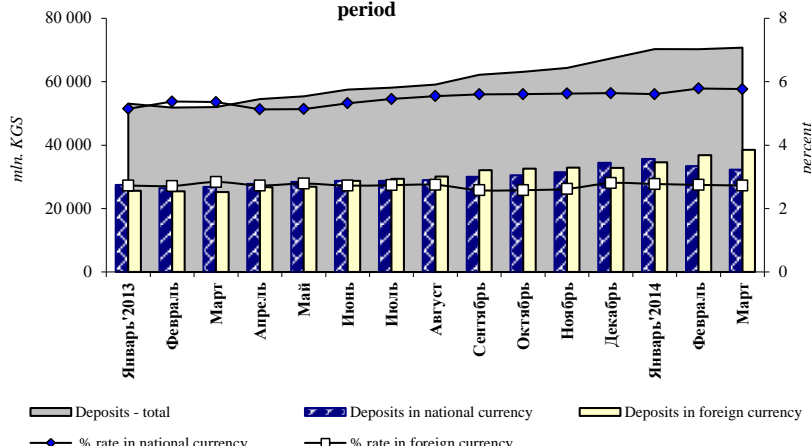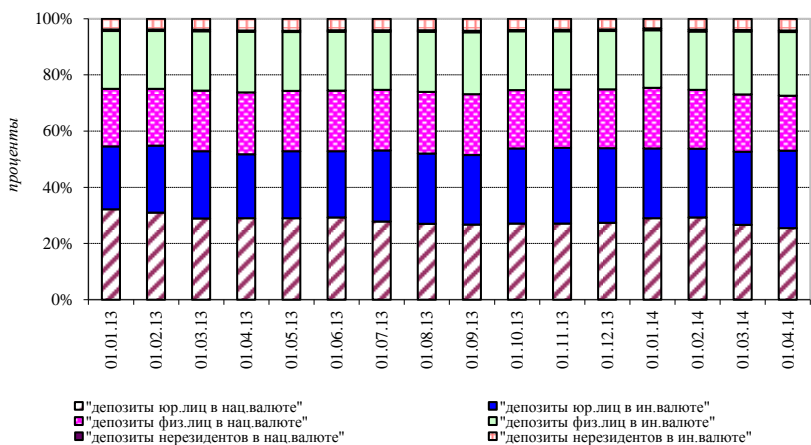
In the reporting period there was an increase in the inflow of deposits to the commercial banks. The volume of the newly accepted deposits in January-March 2014[1] constituted 79.2 billion KGS having increased as compared to the similar indicator of 2013 by 49.7 percent. The volume of the newly accepted deposits in the national currency constituted 37.9 billion KGS (+33.6 percent), in foreign currency – 41.2 billion KGS in KGS equivalent (+68.3 percent).

By structure, the increase of the newly accepted deposits was mainly due to the growth of deposits on demand, the volume of the latter increased by 47.4 percent within the reporting period. At the same time the share of the deposits on demand decreased by 89.4 to 88.1 percent with the proportional enhancement of the share of fixed-term deposits due to the growth of their short-term composition.

**Chart 3. Average level of interest rates on new deposits in national currency by term categories**



The average weighted interest rate on the newly accepted deposits in the national currency constituted 2.3 percent having not changed as compared with the similar indicator of 2013. At the same time the average weighted interest rate on fixed-term deposits in the national currency constituted 8.9 percent (-1.4 percentage points), and on deposits on demand–14 percent having not changed as compared with the сравнению similar period of 2013.
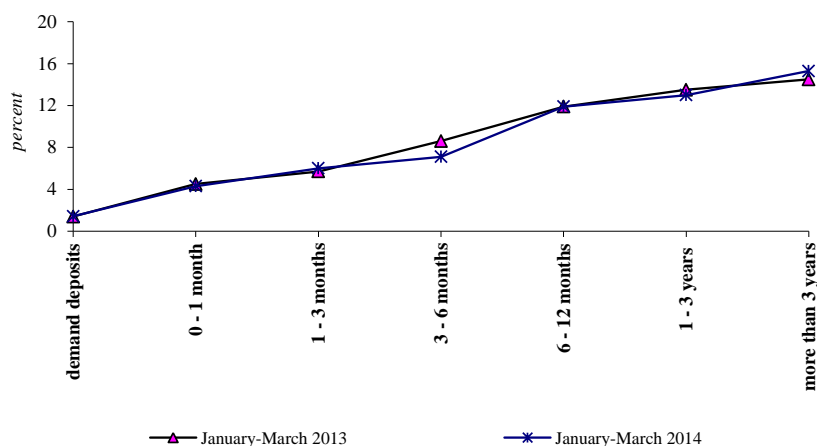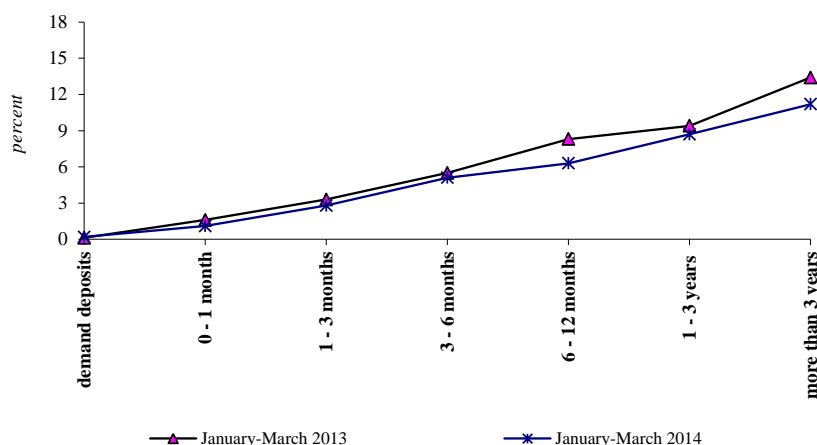
**Chart  4. Average level of interest rates on new deposits in foreign currency by term categories**



The rate on the newly accepted deposits in the national currency at the level of the similar period 2013 remained at 0.8 percent. At the same time average weighted interest rate on deposits on demand in foreign currency increased to 0.2 percent (+0.1 percentage points), on fixed-term deposits in foreign currency the rate decreased by 0.7 percentage points and constituted 5.4 percent.

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[1] In the volume of the newly accepted deposits the settlement accounts of the bank's clients are not taken into account.