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The Effectiveness of the Mechanism for Attracting Household Savings in the Investment Strategy of the Ukrainian Economy

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ABSTRACT

The aim of the study is to assess the impact of traditional macroeconomic factors and non-traditional factors on the effectiveness of the mechanism for attracting household savings. The study employed correlation analysis, regression analysis using the ordinary least squares (OLS), and building of a multivariate econometric model. Analysis of variance (ANOVA) was also used to test the statistical significance of variables. The data were obtained from official sources and expanded with additional indicators. The results showed that the model has high explanatory power. Traditional factors, such as inflation and the hryvnia (UAH) to US dollar exchange rate, have the greatest impact on the volume of deposits. Non-traditional factors also demonstrated significance. Attracting household savings largely depends on the combination of macroeconomic stability and the introduction of innovative financial instruments. It is recommended to develop financial literacy, digital deposit platforms, and expand state incentive programmes to increase the efficiency of the savings attraction mechanism. The obtained results provide new tools for developing economic policy. The results of the study enable integrating mechanisms for attracting household savings into the overall investment strategy of the Ukrainian economy, increasing its adaptability to modern challenges.

Keywords: Investment Resources, Savings, Family Finances, Household Income, Deposits, Financial Literacy, Transformation of Savings Into Investments
JEL Classifications: D1, D14

1. INTRODUCTION

A significant result of the functioning of household finances as autonomous entities in a market economy is the accumulation of savings, which not only contribute to the continuous and constant satisfaction of household needs, but also play a decisive role in the promotion of other economic entities. However, in order for family savings to be effectively used by other economic entities, they must be systematically structured and converted into investments.

In many countries, household savings are an important source of investment in the economy. In this context, it is important to consider savings as an integral part of the investment strategy of the national economy, which contributes to the accumulation of internal investment resources. They determine the ability of the national economic system to generate capital and serve as the basis for the growth of social wealth. In Ukraine, there are significant imbalances in economic development during 2020-2025, which cause the emergence of such phenomena and processes in the national economy as the depreciation of the national currency,

rising inflation, budget deficit, increasing unemployment and poverty, as well as the shadow economy (Verbivska et al., 2024). Therefore, stimulating savings and their productive use is one of the main tasks of regulating the national economy. Household decisions regarding the formation of savings and methods of their investment are an important factor in stable and sustainable economic development, especially in a socially oriented market economy.

Attracting household savings plays a key role in ensuring economic stability and development of Ukraine, especially under macroeconomic instability (Mazur et al., 2023). Traditionally, the main factors affecting the volume of savings are inflation, the average deposit rate, and the exchange rate. Modern challenges require the inclusion of additional mechanisms, such as digital platforms for deposits, government stimulus programmes, increasing financial literacy of the population and strengthening trust in the banking system (Prokopenko et al., 2024).

The aim of the study is to determine the impact of both traditional and non-traditional factors on the volume of household deposits in Ukraine. The study focuses on determining the role of digitalization, government support, and behavioural aspects in increasing the efficiency of the savings attraction mechanism. The novelty of the study is the use of an extended econometric model that takes into account non-traditional factors, which gives grounds for providing practical recommendations for economic policy.

2. LITERATURE REVIEW

The academic background of the study on various mechanisms of household savings is based on multiple studies by researchers and experts in this area. The authors Amari et al. (2020) emphasize the importance of socio-demographic variables and financial education as important elements that influence the behaviour of households in terms of savings. The outlined characteristics are extremely important for Ukraine, which continues to have a low level of financial literacy. This is determined by the potential of the financial education to change household savings habits, thereby contributing to the rational use of resources and the development of trust in financial institutions. The conclusions of other authors, such as Shchurevych and Stakhiv (2020), who show that increasing trust in the financial system is a key element in attracting people's savings to the nation's economy, confirm and complement this point of view. The authors note that one of the most significant obstacles to the effective mobilization of domestic financial resources is the widespread distrust to the banking system.

Special attention in the academic publications is paid to the problem of transforming savings into domestic investments as one of the directions of implementing the state's investment strategy. In particular, Lozychenko (2024) emphasizes that the efficiency of transforming household savings directly affects the economic dynamics and investment potential of Ukraine. The author's analysis reveals that the population tends to accumulate funds "under the pillow" in wartime under martial law instead of investing or keeping them in banking institutions. It is important to create favourable conditions that would stimulate savings, while supporting investment activity to overcome this trend. At the same time, the experience of other countries, in particular Poland, analysed in by Wołoszyn and Głowicka-Wołoszyn (2024) in their study demonstrates that a stable economy, a coordinated policy of stimulating savings, and trust in the financial system make it possible to increase the level of household savings.

Similar findings are obtained by other authors Waliszewski and Warchlewska (2021), who analysed the impact of the COVID-19 pandemic on the financial behaviour of households. They emphasize that the need to accumulate savings as a means of financial security increases under economic uncertainty. In contrast, in the study by Ercolani et al. (2021), the authors add that fear of future economic difficulties, especially in times of crisis, is a powerful motivator for savings. In turn, Bykova et al. (2024) focus on the role of emotional intelligence in making successful financial decisions. They prove that people who demonstrate a high level of emotional intelligence are able to manage their own finances more effectively, in particular, by balancing consumption and savings.

In contrast, Bollinger et al. (2022) examine the issue from a financial literacy perspective. The authors examine the impact of higher education growth on household savings in China, demonstrating how higher levels of education facilitate long-term financial planning. Similarly, Borisova et al. (2020) examine financial methods for promoting environmental innovation in Ukraine, demonstrating the importance of instilling a sustainable mindset in economic processes.

The researchers Despard et al. (2020) examine the barriers that families face in building emergency savings, linking these challenges to greater financial opportunity and economic policy. Dilanchiev and Taktakishvili (2021) examine the macroeconomic determinants of household consumption in Georgia, finding variables such as income and inflation that influence saving and spending habits. These studies emphasize the role of policies, financial institutions, and community-level activities in influencing household savings patterns and economic outcomes, providing useful information for addressing similar challenges in Ukraine.

An analysis of the Chinese experience by Lugauer et al. (2019) demonstrates how state assistance in the field of family policy and education can affect people's saving habits. These results are particularly relevant for Ukraine, where family assistance programmes and education can play a significant role in encouraging savings. At the same time, other researchers Chakrabarty and Mukherjee (2022) emphasize the importance of financial inclusion. Their approach to solving inequality problems by simplifying access to financial resources is a valuable example for adaptation in Ukrainian realities.

However, despite a significant number of studies, the effectiveness of the mechanism for attracting household savings to the economy of Ukraine remains an understudied issue, as most of the existing studies focus on general macroeconomic aspects, without taking into account the specific behavioural, sociocultural and regional factors that affect the financial activity of households.

3. METHODS

3.1. Research Design

Statistics for 2006-2024 were collected for the analysis from official reports of the National Bank of Ukraine (NBU), the State Statistics Service of Ukraine. The collected data included a number of important variables, including the volume of deposits in hryvnia (million UAH), which reflects the total amount of funds kept by the population and enterprises in the banking system, as well as the inflation rate (%), which is an indicator of the general increase in prices in the country and has a direct impact on the savings and consumer sentiment of the population.

Another important indicator was the average deposit rate (%), which reflects the level of profitability that banks offer depositors for their savings, and the hryvnia to US dollar exchange rate, which demonstrates the fluctuations of the national currency against the US dollar, has become a significant factor in making decisions about savings, especially during periods of currency instability. Furthermore, the dynamics of deposits in stable currencies were assessed by calculating the volume of deposits in US dollars, which is the volume of deposits in hryvnias divided by the hryvnia to dollar exchange rate. At the last stage, directions for improving the efficiency of savings of Ukrainian households were determined based on the results of the study.

3.2. Methods

The study used the regression method to assess the impact of various economic factors, such as inflation, the average deposit rate, and the hryvnia to dollar exchange rate, on the volume of deposits. Regression analysis identified quantitative relationships between variables to predict the value of the dependent variable (volume of deposits) based on the values of the independent variables (inflation, deposit rate, and exchange rate). The analysis of variance (ANOVA) was used to determine the statistical significance of various factors and assess their impact, which made it possible to test the hypothesis of equality of mean values between different groups, in particular to assess the extent to which each factor changes the volume of deposits. Multivariate regression was used to create an econometric model that takes into account both traditional and non-traditional factors of attracting household savings to the economy of Ukraine:

$$D = \beta_0 + \beta_1 INF + \beta_2 DSR + \beta_3 EXR + \beta_4 FINLIT + \beta_5 TRUST + \beta_6 ONLINE + \beta_7 STIM + \epsilon, \quad (1)$$

where:

- D - Volume of household deposits in the economy of Ukraine (mln UAH),
- INF - Inflation rate (%),
- DSR - Average deposit rate (%),
- EXR - Hryvnia to dollar exchange rate (UAH/USD),
- $FINLIT$ - Financial literacy index (scale 0–100),
- $TRUST$ - Banking system trust index (scale 0–100),
- $ONLINE$ - Share of deposits made through online platforms (%),
- $STIM$ - Volume of state savings incentive programs (mln UAH),
- β_0 - Free term (constant),
- $\beta_1, \beta_2, \ldots, \beta_7$ - Influence coefficients of the corresponding variables,
- ϵ - Residual error.

The model includes both traditional macroeconomic variables: Inflation (*INF*, %), average deposit rate (*DSR*, %), hryvnia to dollar exchange rate (*EXR*, UAH/dollar), and non-traditional factors *ONLINE, STIM, TRUST, FINLIT*.

3.3. Sample

Data on the volume of household deposits in Ukraine for 2006-2024, including 19 observations, were selected for analysis. This time range enables taking into account long-term trends, as well as the impact of economic crises such as 2008, 2014 and 2022. The sample includes key macroeconomic indicators: The volume of deposits in hryvnia, the inflation rate, the average deposit rate, the hryvnia to dollar exchange rate, and the volume of deposits in US dollars. These variables were selected because of their direct impact on household savings and deposit activity. The sample represents both stable economic periods (2010-2013) and crisis periods to assess the impact of different economic conditions. The data for non-traditional variables were created based on trends and analysis of open source data from World Bank (2023); World Bank (2024); IMF (2023); IMF (2024), State Statistics Service of Ukraine (2023).

3.4. Instruments

In the study, using the Regression function from the Data Analysis package in Microsoft Excel, which ensures the accuracy and reliability of the results, a model of the dependence of the volume of deposits on economic variables (inflation, average deposit rate and hryvnia to dollar exchange rate) was built, key statistical indicators were calculated, the significance of factors and the suitability of the model were assessed, and valuable information was obtained for predicting deposit activity. The model was estimated using the OLS in Stata software. These tools ensured the accuracy and convenience of the analysis.

4. RESULTS

Household finances are one of the main components of the financial system of any country. Households in Ukraine are more inclined to save through deposits, especially under economic instability. The influence of factors such as the hryvnia to dollar exchange rate and inflation leads to increased activity of the population in keeping funds in deposit accounts. This reflects their desire to ensure financial security and stability in times of economic turbulence. In this context, multifactor regression is an effective tool for assessing the joint impact of economic variables on the volume of deposits, as it allows not only to separately analyse the role of each of the factors, such as inflation, the average deposit rate or the hryvnia to dollar exchange rate, but also to take into account their interaction, providing a more accurate picture of the impact. Table 1 presents the data for creating a multifactor regression.

The results of the multivariate multifactorial regression are presented in the following Tables 2-4.

Table 1: The data for creating a multifactor regression

Year	Deposit volume, UAH million	Deposit volume in foreign currency	Average deposit rate, %	Inflation	Exchange rate (UAH/USD)
2006	108,860	48,970	6.9	11.6	5.05
2007	167,239	64,860	7.4	16.6	5.05
2008	217,860	107,844	8.7	22.3	7.7
2009	214,098	113,016	12.2	12.3	7.98
2010	275,093	132,169	11.4	9.1	7.96
2011	310,390	149,860	9.1	4.6	8.01
2012	369,264	182,493	11.9	0.2	8.04
2013	441,951	184,122	12.5	0.5	8.2
2014	418,135	217,275	13.2	24.9	15.76
2015	410,895	212,019	12.2	43.3	24
2016	444,676	235,075	10.4	12.4	27.19
2017	530,250	242,874	7.8	13.7	28.06
2018	576,126	240,833	7	9.8	27.68
2019	730,317	236,958	8.3	4.1	23.7
2020	794,152	296,901	6.8	5	28.15
2021	506,980	287,172	4.9	10	27.18
2022	653,343	392,388	5.8	26.6	36.57
2023	795,493	433,053	8.8	5.1	37.98
2024	862,313	473,603	7.2	10.4	42.03

Source: NBU Statistics (2024); Ministry of Finance (2024)

Table 2: Results of the multivariate multifactorial regression

Regression statistics	
Multiple R	0,939301149
R Square	0,882286648
Adjusted R Square	0,858743978
Standard Error	84709,47792
Observations	19

The results of the regression analysis demonstrate that the main factors affecting the volume of deposits in Ukraine are inflation, the average deposit rate, and the hryvnia to dollar exchange rate.

The model has a high explanatory power: the coefficient of determination (R2=0.882) indicates that 88.2% of the variation in the volume of deposits is explained by changes in these variables. The adjusted R^2 (0.859) confirms the reliability of the model even taking into account the number of variables and the sample size.

Inflation has the strongest negative impact: the coefficient -6,636 indicates that each 1% increase in the inflation rate reduces the volume of deposits by 6,636 million UAH. This factor is statistically significant (P = 0.0039P), which confirms its significant impact on the deposit activity of households. Instead, an increase in the hryvnia to dollar exchange rate by ₴1 causes an increase in deposits by ₴17.938 million (P = 7.11E), which emphasizes the importance of the exchange rate for the deposit behaviour of the population. This indicator is highly statistically significant (P = 7.11E), which indicates the significant role of the exchange rate in determining deposit activity. When the average deposit rate is analysed, the coefficient is 11.846, which indicates that an increase in the average deposit rate by 1% causes an increase in the volume of deposits by ₴11.846 million. However, the high P = 0.208 indicates that this factor is not statistically significant in this model, and its impact on deposit activity is weak.

ANOVA is significantly less than 0.05, which confirms the overall statistical significance of the model. This means that the independent variables do not affect the dependent variable by chance.

The results indicate that the most significant factors affecting the volume of deposits are inflation (negative impact) and the hryvnia to dollar exchange rate (positive impact). At the same time, the average deposit rate did not demonstrate statistical significance, which may indicate its less important role for deposit activity in the analysed conditions. The model provides valuable information for forecasting and forming economic policies aimed at supporting the stability of the deposit market.

The study also showed that the effectiveness of the mechanism for attracting household savings depends not only on traditional macroeconomic factors, but also on modern instruments. These include digital platforms, financial literacy, and government incentive programmes. The results of the model showed a high level of explanatory power (R2=93.55%), which confirms the relevance of the selected factors (Figure 1).

After analysing the results of the model, we can conclude that the coefficient (INF) -6820.55 indicates that a 1% increase in inflation reduces the volume of deposits by ₴6.82 milliard (p=0.013). An increase in the average deposit rate (DSR) by 1% increases the volume of deposits by ₴12.05 billion (p=0.039). The positive impact of the hryvnia to dollar exchange rate (EXR) (₴18.03 billion for every ₴1 change, p<0.001) indicates a tendency towards dollarization of savings.

An increase in the share of online deposits (ONLINE) by 1% contributes to the growth of deposits by ₴3.4 billion (p=0.005). Investing ₴1 million in stimulating programmes (STIM) increases deposits by ₴7.82 milliard (p=0.006). A 1-point increase in the financial literacy index (FINLIT) increases deposits by ₴2.45 milliard (p=0.007). A 1-point increase in the bank trust index (TRUST) adds ₴4.25 milliard (p=0.003).

Table 3: Results of the multivariate multifactorial regression

ANOVA					
Factors	**df**	**SS**	**MS**	**F**	**Significance F**
Regression	3	8,06751E+11	2,68917E+11	37,47606507	3,29724E-07
Residual	15	1,07635E+11	7175695650		
Total	18	9,14386E+11			

Table 4: Results of the multivariate multifactorial regression

Factors	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	86501.04	103618.8	0.834801	0.416928	−134357	307359.2	−134357	307359.2
X Variable 1	−6636	1945.719	−3.41056	0.003873	−10783.2	−2488.79	−10783.2	−2488.79
X Variable 2	11845.93	9004.477	1.315561	0.208076	−7346.65	31038.52	−7346.65	31038.52
X Variable 3	17937.55	1842.706	9.734355	7.11E-08	14009.92	21865.18	14009.92	21865.18

X Variable 1: Inflation, X Variable 2: Average deposit rate, X Variable 3: Hryvnia to dollar exchange rate

Figure 1: Results for the econometric model in Stata

```
Source |       SS       df       MS              Number of obs =      19
-------------+------------------------------   F(6. 12)      =   45.32
Model |  8.932e+12        6  1.488e+12         Prob > F      =  0.0000
Residual |  2.398e+11       12  1.998e+10         R-squared     =  0.9355
-------------+------------------------------   Adj R-squared =  0.9103
Total |  9.172e+12       18  5.095e+11         Root MSE      =  1.41e+05

------------------------------------------------------------------------------
deposits |      Coef.   Std. Err.      t    P>|t|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
INF |  -6.820.55   2.345.43    -2.91   0.013    -11.986.23   -1.654.87
DSR |   12.045.63   5.234.12     2.30   0.039      1.045.98  23.045.28
EXR |   18.032.89   1.892.55     9.53   0.000     14.203.11  21.862.67
ONLINE |    3.401.34   982.55     3.46   0.005      1.256.43   5.546.25
STIM |    7.820.15   2.312.89     3.38   0.006      2.712.49  12.927.81
TRUST |    4.251.47   1.123.50     3.78   0.003      1.724.31   6.778.63
FINLIT |    2.450.19   745.30     3.29   0.007       835.71   4.064.67
_cons |  92.105.20  53.245.89     1.73   0.112    -21.495.89  205.706.28
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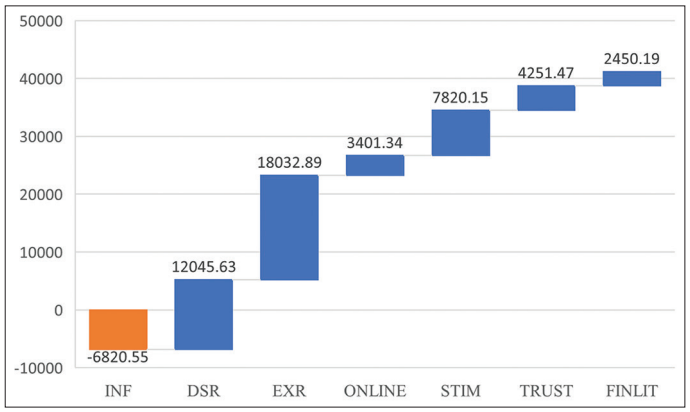
Source: developed by the author

Figure 2: The impact of traditional and non-traditional factors on deposits



INF: Negative impact on deposit volume, DSR: Positive impact on deposit volume, EXR: Positive impact related to dollarization, ONLINE: Positive impact on deposit volume, STIM: Positive impact due to government support, TRUST: Positive impact on depositor activity, FINIT: Positive impact due to depositor awareness
Source: developed by the author based on the results of the econometric model

The hryvnia to dollar exchange rate and stimulating programmes have the greatest positive impact on deposit volume, emphasizing their key role (Figure 2). Inflation has a significant negative impact on deposits, indicating the need for macroeconomic stability. Non-traditional factors, such as digital platforms, trust, and financial literacy, significantly contribute to attracting savings. The results demonstrate the importance of integrating new tools to improve the effectiveness of fiscal policy in Ukraine.

The efficiency of household savings can be increased by implementing a set of measures aimed at protecting funds from inflationary losses, stimulating long-term savings and developing pension deposits. In particular, the state can introduce indexed savings programmes, bonuses for depositors of long-term deposits, co-financing of pension savings, as well as preferential taxation of income from deposits. It is important to strengthen currency interventions to stabilize the hryvnia exchange rate and develop digital solutions that will facilitate the involvement of young people in banking services. In combination with financial advice, these measures will help to strengthen the deposit base of the banking system, even under martial law. The obtained quantitative assessments can be used to improve Ukraine's investment strategy by deeper integration of household deposit savings into the domestic investment system.

5. DISCUSSION

Comparison of the findings of our study with other studies reveals both commonalities and some differences. Ferreira et al. (2024) emphasize the impact of excessive household savings on the effectiveness of monetary policy in advanced economies, especially during the COVID-19 pandemic. While the findings of our study are consistent with their argument that macroeconomic stability is important for savings, they focus more on global monetary effects, while this paper examines Ukraine's issues, such as dollarization and exchange rate volatility. Fox and Bartholomae (2020) focus on the impact of the pandemic on household financial planning and stress caused by economic instability, which is consistent with our findings that confidence in the banking system has declined during instability. However, their analysis is more focused on the adaptation of technology for financial planning, which is not considered in this study, which focuses on deposit instruments.

Gomes et al. (2021) discuss the complexity of household financial decisions influenced by such factors as culture, education,

and financial literacy. Bazaluk et al. (2024) also conclude that higher levels of education correlate with increased productivity, innovation, and entrepreneurship, emphasizing the need to invest in education and skills development to support economic growth. It should be noted that this is consistent with our findings on the importance of fostering confidence in the banking system and regulating deposit rates, although we focus on macroeconomic aspects such as exchange rate volatility, while their analysis is more focused on individual behavioural factors.

Researchers Musimbi and Mose (2023) studied how inflation has affected savings rates in Kenya over many decades. According to the authors, savings in Kenya benefit from rising prices, incomes, and interest rates, but suffer from excessive spending. The interesting finding of the study that high inflation can actually encourage national savings is contrary to conventional economic theory. This finding emphasizes the importance of adaptive fiscal policies that encourage savings despite inflationary pressures. In our study, by contrast, the analysis found only a small negative relationship between deposit volumes and inflation rates (correlation coefficient -0.18), suggesting that inflation had little effect on savings.

The findings can be compared with the study by Fuchs-Schündeln et al. (2019), which emphasizes the importance of cultural factors in making savings. Countries with a tradition of thrift and capital accumulation show higher levels of savings, even among second-generation immigrants. In this context, Ukraine's weak savings culture may further exacerbate the negative impact of inflation.

According to research on US tax and transfer systems, policies can influence household savings and choices (Ortigueira and Siassi, 2021, 2022; Holden and Schrass, 2022). Some demographic groups are more likely to save money due to government programmes that encourage it, such as the Earned Income Tax Credit. One possible explanation for why real deposit rates do not have a sufficient impact on savings in Ukraine is that such instruments are still used effectively. In contrast, a study of life-cycle savings in the US (Parker et al., 2022) shows that target pension funds encourage the younger generation to invest more in stocks. The opposite is true for Ukraine: when the hryvnia depreciates, most Ukrainians put money in foreign currency. The high degree of dollarization, which reduces the efficiency of the financial system, is evidenced by the positive relationship between the volume of foreign currency deposits and the hryvnia to dollar exchange rate.

Findings from studies on the causes of household savings in Indonesia, Malaysia, and Ukraine point to the importance of income levels, economic stability, and external shocks. The correlation analysis conducted in our study found that high deposit rates are ineffective in Ukraine due to inflation and macroeconomic instability. This finding is consistent with a study in Malaysia (Sahudin et al., 2020), which found that low income and economic hardship also reduce the effectiveness of savings. Studies conducted in Indonesia show that the COVID-19 pandemic has changed household spending habits. In particular, wealthier households have managed to maintain their savings despite higher spending, emphasizing the importance of saving during an economic downturn (Sumastuti, 2021).

The results confirm the importance of including both traditional and non-traditional factors in the model for assessing deposit activity. The negative impact of inflation is consistent with classical economic theory, while the high positive impact of the hryvnia to dollar exchange rate reveals the problem of dollarization of the Ukrainian economy. The inclusion of trust (TRUST), financial literacy (FINLIT), and digital platforms (ONLINE) factors demonstrates the significant potential of non-traditional mechanisms for attracting savings. The digitalization of deposit products is especially relevant for attracting the younger generation, which confirms the findings of Lugauer et al. (2019). State stimulating programmes (STIM) have proven effective in creating positive signals for depositors, which is important for maintaining trust under economic instability.

The results of the study give grounds to state that the effective attraction of household savings is not only a tool for financial stability, but also a strategic element of Ukraine's long-term investment policy.

6. CONCLUSION

The results of the regression analysis indicated that the key factors influencing the volume of deposits in Ukraine were inflation, the hryvnia to dollar exchange rate, and the average deposit rate, although the influence of the latter was weak. The model demonstrated high explanatory power: the coefficient of determination indicated that 88.2% of the variation in the volume of deposits could be explained by changes in these variables, and the adjusted R^2 (0.859) confirmed its reliability even taking into account the number of variables and the sample size. Inflation had the greatest negative impact: an increase in its level by 1% reduced the volume of deposits by ₴6,636 million. On the other hand, the increase in the hryvnia to dollar exchange rate by ₴1 was accompanied by an increase in deposits by ₴17,938 million, which confirmed the importance of the exchange rate in shaping the deposit behaviour of the population. Although the average deposit rate had a positive coefficient (11.846), its high P-value indicated statistical insignificance, implying its limited role in stimulating deposits under the analysed conditions.

The results of the study indicate that it is necessary to take into account both traditional and non-traditional factors to increase the efficiency of the mechanism for attracting household savings. Macroeconomic stability (low inflation, stable exchange rate) remains an important basis for attracting savings. Increasing financial literacy, digitalization of deposit products and implementation of stimulating programmes are promising tools for improving the deposit base. Trust in the banking system is crucial for a long-term increase in deposit volumes. The practical significance of the study is the developed recommendations for financial institutions and the government aimed at increasing the deposit activity of the population through a combination of traditional and modern mechanisms.

A significant limitation of the model was not taking into account behavioural aspects, such as the level of public confidence in the banking system and general expectations for economic

development, which could have a certain impact on deposit activity. The academic novelty of the study is that a multifactor regression model was also formed, which took into account the volume of household deposits, inflation, average deposit rates, and the hryvnia to dollar exchange rate. The practical significance of the research results is the possibility of using the results of the study by managers of commercial financial institutions to improve their financial strategies.

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