

How Marcus by Goldman Sachs met its end in 2022

Article

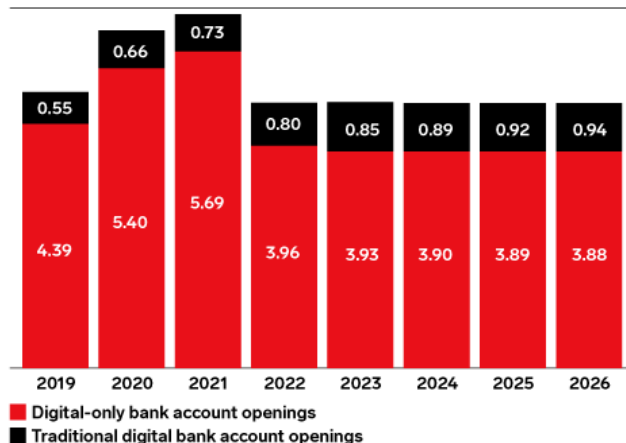
The beginning: Marcus by Goldman Sachs was launched in 2016 as an opportunity for Goldman to break into consumer banking and provide retail customers with a unique digital banking experience from a trusted name.

- In the years that followed, it offered savings products, checking accounts, and personal loans. It partnered with **Apple** and **General Motors** to offer credit cards. And it expanded into the UK.

- In 2021, the bank acquired fintech startup [GreenSky](#), which offers home improvement and healthcare loans, in a bid to bulk up its consumer lending. It also partnered with working capital platform **C2FO** to offer loans that don't require borrowers to designate assets as collateral.
- Also in 2021, Marcus made plans to [develop an app](#) for consumers in the UK market which would also include a robo-advisor.

Digital-Only Bank Account Openings vs. Traditional* Digital Bank Account Openings in the UK, 2019-2026

millions



Note: excludes credit cards and loans; excludes accounts that are opened in-person or over the phone but managed through a digital platform; includes FSCS-backed full-service bank accounts, credit union accounts, or brokerage accounts opened via web browsers or mobile app by an individual; *excludes digital-only banks
Source: Insider Intelligence, Sep 2022

278765

InsiderIntelligence.com

This year in review: In 2022, Marcus struggled with leadership, as three different executives successively had headed up the division since 2021. Despite this instability, the bank could tout some impressive wins. But they were quickly overshadowed.

- Marcus generated more than \$100 billion in deposits since inception and reported having more than 14 million customers.
- It also projected hitting \$4 billion in revenues by 2024 after bringing in \$1.5 billion in revenues in 2021.
- In June, Marcus teamed up with Nav Technologies to offer a [suite of credit options to small business owners](#).

- But a [profit remained elusive](#). Goldman reported an expected \$1.2 billion in losses for 2022 from Marcus.
- And in September, Marcus faced [increasing scrutiny from the Federal Reserve](#). It wasn't reported what types of questions the Fed was asking, but the frequency and line of questioning was more aggressive than its typical review of banking business lines.

Total overhaul: As the losses mounted and shareholders began to question the viability of the consumer-facing bank, Goldman Sachs was forced to make major changes to the business line. With its [Q3 2022 earnings release](#), Goldman outlined a reorganization that would dismantle Marcus.

- Most of Marcus' products would be transitioned into the wealth and asset management businesses.
- Checking accounts would be available only for high-net-worth clients and some corporate partners.
- Its robo-advisor, Marcus Invest, and savings accounts would be offered only to high-net-worth customers.
- The bank's existing credit card partnerships would remain, but any new partnerships would be selective.

Goldman Sachs learned a few tough lessons in its attempt to build an in-house digital "speedboat" to compete with neobank challengers: Much more goes into attaining profitability than just new branding and marketing, and attracting new, lower-income customers outside of its wheelhouse requires a tailored approach to that demographic's differing needs.

*This article originally appeared in Insider Intelligence's **Banking Innovation Briefing**—a daily recap of top stories reshaping the banking industry. [Subscribe](#) to have more hard-hitting takeaways delivered to your inbox daily.*

- *Are you a client? [Click here to subscribe.](#)*
- *Want to learn more about how you can benefit from our expert analysis? [Click here.](#)*