

# Goldman Sachs weighs its options for lagging consumer-facing business

Article

**The news:** Goldman Sachs is considering selling or restructuring part of its consumer business as it recovers from the expensive, loss-generating digital bank venture **Marcus**, [per](#)

Business Insider.

**Mixed signals:** CEO David Solomon admitted the bank's attempt to attract main street consumers didn't go as planned at the bank's 2023 Investor Day.

- He hinted at a reorganization or sale of the bank's consumer lending business, but other executives discussed a path to profitability for the unit.
- When asked for clarification, Solomon said the bank is "looking at all strategic options available" and "executing on what's in front of us."

**Strategic options:** Goldman has a few courses of action it could take, according to industry analysts.

- Solomon didn't specify which parts of the consumer business might be sold, but potential buyers could include major credit card companies and consumer lenders, according to an analyst at Fitch Ratings.
- The bank could also bring in a majority-controlled partner to run the unit, per a researcher at CFRA Research.
- Or, Goldman could push forward. Its Platform Solutions unit, which contains specialty lending unit **GreenSky** and the **Apple** and **GM** credit card partnerships, is forecast to break even by 2025, according to the division's head, Stephanie Cohen.

**Moving forward:** If the bank decides to continue its consumer-facing journey, it will face a few hurdles.

- Platform Solutions also contains Goldman's transaction banking operations, which means its success is driven not just by consumers but also corporations and institutional clients.
- **Thirty-one percent of the consumer installment and credit card loans** within Platform Solutions are held by borrowers **with FICO scores of 660 or less**, per PYMNTS. With the average credit score of consumers living paycheck to paycheck sitting at 664, the unit could run into loan loss issues in the event of an economic downturn. Loan loss provisions in H2 2022 have already dented profits.

One bright spot in Goldman's consumer business is deposits. **Total consumer deposits topped \$110 billion** at the end of 2022. But to stay relevant as interest rates remain elevated, the bank will need to offer competitive savings rates to keep deposits coming in.

**The bottom line:** Whatever Goldman does with its consumer unit, it will need to answer to its investors and shareholders. They've questioned Marcus' viability for months as losses mounted and the bank's share price fell. But even after the digital bank's major reorganization at the end of last year, Solomon still seems unwilling to admit defeat.

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