
A Maserati for the Mo-ped market

By Editorial Staff Thu, Jun 23, 2016

Having purchased GE Capital and Honest Dollar, Goldman Sachs is poised to go down-market with retail banking, lending and retirement account services. Look out below!

Goldman Sachs, a company that's been vilified as the Vampire Squid, that is said to call its customers Muppets (and not in a good way), and that seems to have its own revolving door with the U.S. Treasury, now has new businesses that "cater to the little saver," the *New York Times* reported.

"This is somewhat like Maserati making a push into the motorized bicycle market," the *Times* said.

An online bank, [GS Bank](#), was started in April. It promises "peace-of-mind savings" and "no transaction fees" for ordinary Americans. "Over the last year, Goldman [has] been preparing to introduce 401(k) accounts, loans for people saddled with credit card debt and new investment funds that can be purchased by anyone with an E*Trade account. It will all be online only," the *Times* report said.

Stephen Scherr, head of strategy at Goldman Sachs and CEO of its federally-insured bank, told the *Times* that the bank opened tens of thousands of new accounts in its first few weeks, adding to the 150,000 accounts (worth \$16 billion) that Goldman acquired when it bought GE Capital earlier this year.

Goldman Sachs reportedly needs new sources of revenue. "Regulations rolled out since the 2008 financial crisis have put a crimp in deal-making, Wall Street's traditional expertise. The high-powered bond trading desks that generated most of Goldman's pre-crisis profits now make only a fraction of what they did before," the *Times* said. Goldman expects its lack of traditional branches and tellers to be an advantage as it leapfrogs into online retail banking.

Later this year, Goldman will begin offering small personal loans of \$15,000 to \$25,000. Harit Talwar, an executive from the credit card company Discover, is overseeing that effort. He runs a team of 50 who are at work on the so-called Mosaic project on the 26th floor of Goldman's Manhattan headquarters. The team is mostly coders, working on ways to gauge the credit quality of potential borrowers without human intervention.

Last fall, Goldman introduced its first low-cost exchange-traded funds. A few months ago, Goldman bought [Honest Dollar](#), a start-up that offers cheap retirement accounts. It's aimed at the millions of freelancers and other part-time workers who don't belong to a workplace savings plan.

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