

**Goldman Sachs Exchanges**

**Goldman Sachs Chairman and CEO David Solomon on**

**AI, M&A, and Markets**

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**Research**

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**Allison Nathan:** The global economy looks poised for another year of solid, sturdy growth. But the US jobs market looks increasingly fragile and concerns over geopolitical tensions, policy uncertainty, and elevated valuations remain. So how is Goldman Sachs navigating this environment? And what advice is the firm giving to the world's biggest companies and investors? I'm Allison Nathan, and this is Goldman Sachs Exchanges.

[MUSIC INTRO]

Today, I'm again sitting down with David Solomon, the chairman and CEO of Goldman Sachs. David, welcome back to the program for what has become an annual tradition.

**David Solomon:** Well, I'm happy to be back. It is an annual tradition. And it just means another year went by.

**Allison Nathan:** Absolutely.

**David Solomon:** And so, they go much too quickly.

**Allison Nathan:** Absolutely. So, David, 2025 played out in ways we never could have expected. So many twists and turns. But it ended up being a strong year for growth and markets. And the macro setup for 2026 looks to be fairly supportive as well, especially in the US. Although we are already getting some twists, as you well know. So, from your vantage point, how would you characterize the current global economic moment?

**David Solomon:** I think the macro setup is pretty good for risk assets and for markets. And I think there are a lot of similarities with last year. I remember when we did the podcast last year and we were talking, we talked about the fact that the economy was in pretty good shape. There was good fiscal stimulus. People were optimistic coming out of the election that it was going to be a more constructive

environment for regulation and business.

And generally speaking, that's what played out in 2025, but with one very big speedbump. In April around Liberation Day and the implementation of the trade policy and the tariffs. But obviously, with a correction shortly after, a rebalancing shortly after.

If you look at the moment, we have a confluence of very stimulative actions from a policy perspective. We still have extensive fiscal stimulus. And in fact, with the Big Bill that was passed last year, a lot of which comes into effect in '26, we're adding to that fiscal stimulus. We have monetary easing. And we basically took 100 basis points out of the policy rate last year. And the expectations are still for a cut or two in 2026.

We have a deregulatory environment, which is quite stimulative for investment and growth. A much more constructive regulatory environment. Which is constructive for investment and growth. We have a huge capital investment boom because of AI infrastructure. So, you put those things together, and we're coming into a midterm election where the administration's focus is

shifting to how average Americans are experiencing cost in the economy. My guess is you'll get some stimulative actions that are pointed to the midterm elections. You look at that kind of confluence of factors. It's pretty constructive for continued economic growth and continued constructive markets.

What I think is uncertain is the geopolitical environment. And you know, you've seen a little bit of that this morning with some of the noise this weekend around Greenland and tariffs in Europe. And those kinds of things are going to create uncertainty. And when they create uncertainty, you're going to see drawdowns or step backs or pauses.

But generally speaking, X those kinds of exogenous uncertainties, I think the macro environment's quite constructive. If you're a participant in markets, if you're big business, I think it's quite constructive.

**Allison Nathan:** And we saw growth really focused in the US. That's where a lot of the momentum was in 2025. When you think about the US compared to Europe and Asia, do you think that's going to remain the same in 2026?

**David Solomon:** Well, I think structurally there are a lot of reasons why the US has enormous growth advantages versus the other large economies. The other large economies being across Europe broadly, and China. When we spoke last year, China was just off a very, very hard bottom. So, I think since we spoke last year, Chinese equity market's probably up 60 to 80 percent. So, the real move is in Chinese equity markets, still the economy's sluggish. The bilateral relationship between the US and China is complex, although I think deescalated in a constructive way for most of 2026. We'll see how that plays out.

Europe, I just think structurally, has much lower growth. And while there's a lot of talk from the Europeans that they want to move forward with a much more constructive regulatory regime and a much more growth-oriented agenda and a more capital markets and finance friendly agenda, they've really been very slow in their ability to implement.

So, I saw recently a statistic that said only 11 percent of the Draghi plan has been implemented at this point. And so, I would just say very slow. And, you know, Europe

trend growth is below 1 percent. And so, you have to step back and kind of look at Europe. I mean, these are round numbers. But Europe 450 million people. A \$20 trillion dollar economy. Less than 1 percent trend growth. The US 330 million people. A \$30 trillion economy. 2 percent trend growth. And so, that gap between the US and Europe will continue to widen. There are things that could rebalance or shift a little bit, especially with moves in the currency. But I think that's something to watch.

I think the US given the tech -- US has an enormous advantage in the tech investment infrastructure and the innovation economy that exists here. It's just larger than anywhere else. More profound. The most important companies are here.

And also, our capital markets, our banking system, our financial system, our capital formation processes, they're just better than anywhere else in the world too. And those two things I think give the US a big growth advantage that I think continues. That doesn't mean you can't make money in other jurisdictions around the world. But the US advantage, I think, is still very strong.

**Allison Nathan:** You're heading to Davos later this week. As you said, lots of noise heading into those meetings. But what do you expect to hear from CEOs while you're there?

**David Solomon:** I think similar things. And some of this is a little bit of a replay of last year. Generally speaking, CEOs are pretty constructive on the environment, pretty constructive on the regulatory environment. More forward thinking with M&A because they feel like we're in a regulator environment where if they say, "Hey, is this possible" the answer might be yes. As opposed to for the last four years, "Hey, is this possible?" The answer is no. It didn't matter what the question was. The answer was no.

So, I think CEOs are quite constructive. They're concerned about the amount of noise outside of Washington. They're concerned about, for lack of a better term, the kind of shotgun approach to policy that's not as consistent as they'd like. It's consistent on some things like the regulatory environment. But not as consistent on other things. And they're concerned about that. And candidly, I think they'd like to see less noise and more focus on opportunities for growth because that's what CEOs want.

If there's stability, CEOs get very optimistic and very forward looking. When there's noise and uncertainty, they're more cautious. And I'm not saying that there's enormous caution right now. But certainly, I hear expressions of concern. And that's particularly true as you get outside the US.

**Allison Nathan:** You mentioned strategic activity. Obviously, we had a surge, I would say, in dealmaking activity last year. So, do you think that's set to continue, even despite some of these uncertainties?

**David Solomon:** Unless there's a big exogenous event that really significant shifts sentiment, I think 2026 will be an even better dealmaking year. 2026 could be one of the best M&A years ever.

I can see through our backlog and our activity levels and our client dialogues a very robust environment for dealmaking. Obviously, if there's some sort of a sentiment shift because of an exogenous event that we don't yet see, that will change. But I don't think that's the likely outcome. I think in the vast array of distributions for how the year plays out, I think it's a very large percentage chance that

we have a very strong year for dealmaking.

**Allison Nathan:** And what about IPOs? Similarly optimistic?

**David Solomon:** Improving, yeah. Improving for sure. I think with the private equity community, there's been a disconnect between kind of the way the portfolios were marked up in 2020 and '21. I think we're kind of getting to a point where more of the private equity portfolios are going to come forward. There's been enough growth in some of those assets. They've moved up to the marks. Market environment's constructive. So, I'm hearing more activity out of the private equity community.

And then I also think we're going to have some of these big, amazing companies that have just stayed private longer really think about at this point the public markets. And so, I'm not saying it's going to be a record year that would compare to 2021 for equity issuance, but I think it's going to be a continued trend of improvement as we saw in 2025.

**Allison Nathan:** And more broadly, investments in artificial intelligence, I can't tell you how many

conversations we've had about this, they have been, of course, one of the most significant drivers of markets. Do you think that will remain the case this year? Or do you see signs that the theme is losing steam?

**David Solomon:** No, it's not losing steam. I mean, I think the technology is unbelievable technology. It's going to keep accelerating. The pace of capital investment is going to continue.

Whether the demand, the take-up for the compute will be as quick and people can get it into the enterprises quickly as people are now expecting, I think that's a place where you could see recalibrations during the year. We could sometime during the year, there could be a realization that it's going to be harder to get the technology deployed in the enterprise. And so, this will go slower than people now think in some ways. But the technology is moving quickly. The power of it is moving quickly. It's powerful technology. It's very disruptive. And it's very good for productivity.

And so, I think the opportunity set's expanding, not contracting at this point. That doesn't mean all the valuations are perfect. The valuations can bounce around

quite a bit. But quite constructive on the overall opportunity.

**Allison Nathan:** Let's talk about AI-led productivity again because some people are concerned that that productivity will hurt the labor market, which is by the way already as you know pretty soft relative to economic growth. You are hearing a lot about jobless growth today. And people are even warning that AI could lead to a job apocalypse. How do you think about it?

**David Solomon:** Yeah, I'm not in the job apocalypse camp. But I would say this technology's moving quickly. And so, when you have-- I don't think this is different this time. Technology has been disrupting jobs, changing the way people work, destroying jobs, and forcing us as a vibrant economy to create new jobs for decades and decades and decades. And it's no different this time.

What you might say is happening a little bit differently is the pace of change. And so, when the pace is very quick, that can create more short-term disruptions. I credit Jan Hatzius and his team that have a very interesting piece on kind of labor market dynamics, both looking historically

and looking forward. And while there will be some labor market disruption, well it's not their conclusion that we have some structurally different level of unemployment.

Our economy is incredibly vibrant. It creates new jobs, new industries all the time. That will happen this time too. I think the thing that's hard to estimate is just how quickly that happens and how quickly some of the job dislocations that come from this technology come about.

Jobs get disrupted by technology. There's nothing new about that. And the power of this is palpable. But for an organization like Goldman Sachs, if we get this right, I don't think it significantly lowers the number of people we have. It allows us maybe to change certain jobs for others. But what it really does for us is it allows us to invest in growth in our business because we created some efficiency capacity. And so, we have more capacity to invest in growth. And we see lots of opportunities that we have been constrained in our ability to invest. This gives us an opportunity to create more efficiency and invest in growth. And that actually, probably, will drive more jobs over time in our little neck of the woods.

**Allison Nathan:** I mean, to that end, GS actually recently announced an initiative called One GS 3.0, which is an effort to reimagine the firm really being propelled by AI. Tell us about it.

**David Solomon:** Yeah, I mean, I love the way that sounds. But the reality of it is that it's narrower than that grand vision of reimagining the firm. What we're actually doing with One GS 3.0 is we're focused on reimagining six processes in the firm that we think can really benefit from a fresh kind of white paper look and automation. And having them done a different way. Because the technology that exists today allows us to do them a different way.

One of them, you know, that's very, very clear is onboarding and know your customer. And so, we're trying to do that in a completely different way. And that will free up people that are focused on that now to focus on other things that are more valuable for our client franchise.

And so, we identified six processes. We have a bunch of goals around efficiency and automation and client experience and employee experience that are kind of paramount goals for the reimagining of these processes.

We think it'll create real efficiency gains in the firm that will give us more capacity to invest in growth in our business. And we're very excited about that.

And when we get through those six, there are probably six more. So, over time we might reimagine the firm, but we're starting with a very targeted approach to try to prove out that we can use the technology in the enterprise to really drive meaningful productivity. And we're pretty confident we can. But it's hard work. Changing processes in a big enterprise is hard work. And it's going to take some time.

**Allison Nathan:** Right. And let me ask you, because one of the biggest challenges to implementing AI across enterprises is that employees actually have to use it. So, what are we doing to ensure that employees are adapting these new technologies? And what's been the response so far?

**David Solomon:** Well, there are two things that you're talking about here. What I was just talking about with One GS 3.0 I actually think is more difficult thing which is our taking processes and completely remaking the processes. This firm has put technology tools into the hands of smart,

productive people for generations. And it makes them smarter, more productive. And our people are pretty good at grabbing them, trying them. Trying to figure out how they can change the way they work.

And there's nothing new about that for Goldman Sachs. The harder thing is to take a big process like KYC and onboarding and say, "We're going to do this completely differently." And basically have to change the human capital we use around that process. That's a more difficult thing to do.

**Allison Nathan:** Right. A process that's been in place for a very long time.

**David Solomon:** Yeah, absolutely, for a long time, yeah.

**Allison Nathan:** Just to take a step back. You led the firm through a number of strategic changes over the past several years. You've streamlined core businesses in Global Banking & Markets and Asset & Wealth Management. You've exited the consumer banking business to really focus on the firm's core strengths. How do you feel about the way the firm is positioned today?

**David Solomon:** I feel very good about the way the firm is positioned. I mean, we've been on a journey for the last eight years really, you know, with a core mission of growing the firm and growing the client franchise. If you go back and you think about our Investor Day in January of 2020, we said we were going to invest in the core business of Banking & Markets. We had four avenues for growth that we were focused on: asset management, wealth management, transaction banking, and digital consumer banking. And we were going to run the firm more efficiently.

Other than the pivot on digital consumer banking where we decided it just wasn't the right path for us at this time, we've kind of executed on that. And at the end of 2019, the firm had \$36.5 billion of revenues. By the way, that was the highest revenue in that decade. And we've taken the revenues up 60 - 65 percent to about \$60 billion. And we've taken the earnings up 120 percent. And so, we've really created operating leverage and grown the firm.

And in the meantime, we've taken the market cap from kind of \$70 billion to \$300 billion. So, we've really executed

very well. We've positioned the firm very well. And now, we're in a place where we can continue to execute on our plan in our two core businesses, both of which I think we have a real right to win. We have real leadership positions. We have very strong growth dynamics in our Wealth business and in our Asset Management business that we're very, very focused on. We did some interesting, inorganic things last year that add and accelerate to that Asset & Wealth Management growth.

We've worked hard to run the firm more efficiently. We're focused with One GS 3.0 in continuing to run the firm more efficiently. So, we're executing. Our client franchise is strong. Our clients are active. And we're very optimistic about our ability to continue to grow the firm, grow the client franchise, and serve our clients with real distinction. And so, we feel good about it.

Now, what are the things that we have to focus on, and we have to worry about? Well, always we do everything through a lens of risk management. We run a risk business. Things are very good right now. Can't let people get complacent. Have to be very, very focused on how the world could shift and how that creates risk. And are we

positioned to manage risk if all of a sudden, we wake up and there's a different lens? And so, a lot of time on risk management.

And really, at the end of the day, the secret sauce for Goldman Sachs is our people, our talent, our culture, and just continuing to invest in ensuring we have this extraordinary talent ecosystem, that we invest heavily in our culture and ensuring that we really operate with excellence and distinction. And we can't take any of that stuff for granted. So, we continue to work hard at making sure we're doing those things the right way. But all of that takes focus.

But I think as I walk the halls and talk to our partners, I think people feel very good about where the firm's positioned and are quite excited about the opportunities that we see in front of us.

**Allison Nathan:** Let me ask you a little bit more about culture. You have been here for over 25 years. So have I. Can't believe it. When it comes to culture, do you think the firm's culture has changed over the past few years? And where do you really see the strengths around that culture?

And are there any changes that you'd like to see?

**David Solomon:** Well, culture evolves. But I think there are foundational values that underpin a culture. And I think it's something that's important. I mean, we talk about our purpose as an organization is to really be the most exceptional financial services firm in the world. Underpinned by our four core values of client service, partnership, integrity, and excellence. Those four core values have been really fundamental to Goldman Sachs for a long time.

There are periods of time where I think sometimes the compass gets off true north on some of that and it requires the leadership to come in and say, "Hey, we need to adjust. We need to invest." I think we've tried to do some of that over the last handful of years. But, you know, I think the culture evolves. But it's underpinned by those values.

I think one of the places that I think we're really proud of the evolution of the culture is we've broken down a lot of walls and made the firm much more collaborative. One GS has made the firm much more collaborative across businesses and silos. There was also a culture of

partnership and collaboration in the firm. But you sometimes could get stuck in individual businesses. There is much less collaborative friction in the firm. And I think the firm really sees itself, and the leadership, the partners, the 450 partners, see their primary responsibility to drive the overall outcome for the firm and for our clients.

And, you know, I think that's something that the time we've spent really trying to amplify that has been time well served.

**Allison Nathan:** David, I'll close the interview with the same question I always do, which is what keeps you up at night? Just to remind you, last year geopolitical and cyber were top of your list. I can't imagine it's much different heading into 2026.

**David Solomon:** It's not much different. I mean, first of all, it's important to note I sleep very well. But before I go to sleep, I worry. And when I get up in the morning, I worry. But I try not to worry when I'm sleeping.

You know, we talked before-- I think the big thing that risks stopping the economic trajectory in the macro setup

is some sort of exogenous event. So, where do exogenous events come from? They come from geopolitics. They come from something like cyber. They come from big, idiosyncratic events that we don't see in advance. A pandemic, etcetera.

But at the moment, I think we've got a pretty good set up. Sentiment could change. But I think the things that worry me are the big exogenous events that you can never see coming and you really can't control. I'm not saying that's likely that we have one of those any time soon. But they pop up from time to time. And you've got to be ready to manage around them.

But I have to end on a more optimistic note. I think what's going on in the world with technology, the productivity opportunity, the ability to really shift and change enterprise and healthcare with this technology for disease, for cancer, etcetera, there are so many things to be optimistic about. I think we're in a really super interesting, optimistic, growth-oriented period. The market's telling you that. And I think it's an exciting time to be in our business and to be an investor.

**Allison Nathan:** Love ending on an optimistic note.

Thanks so much for joining me again, David.

**David Solomon:** I appreciate it. Great to be with you always.

**Allison Nathan:** And thank you for listening to this episode of Goldman Sachs Exchanges which was recorded on Tuesday January 20<sup>th</sup>, 2026. I'm Allison Nathan.

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