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Goldman Sachs Chief Warns UK Risks Losing Financial Edge Over Tax and Rules

July 23, 2025

— Categories: Economics

The head of Goldman Sachs has issued a stark warning about the United Kingdom's declining status as a leading global financial centre, citing unfavourable tax changes and excessive regulation as major threats to London's competitiveness.

David Solomon, chairman and chief executive of Goldman Sachs, spoke in a podcast interview reinforcing concerns about the UK's competitiveness. Speaking before meeting with Prime Minister Keir Starmer, Solomon stressed that unless the UK creates a more growth-focused environment, it could continue losing top talent and investment to European rivals.

Talent Flight

"The financial industry is still driven by talent and capital formation. And those things are much more mobile than they were 25 years ago," Solomon said. He noted that London's dominance is being challenged after Brexit and amid tax and regulatory changes that make it harder for financial firms to retain or attract skilled professionals.

He stated that Goldman Sachs has expanded in Paris, Frankfurt, and Milan, including a more than fivefold increase in its Paris staff over the past decade: from around 80 to over 400. "If you go back, ten years ago, I think we probably had 80 people in Paris. You know, we have 400 people in Paris now… And so in Goldman Sachs today, if you're in Europe, you can live in London, you can live in Paris, you can live in Germany, in Frankfurt or Munich, you can live in Italy, you can live in Switzerland."

Solomon criticised the abolition of the non—dom tax status, warning that making high earners liable to UK tax on worldwide income threatens London's appeal. He warned the policy shift is prompting business leaders to relocate, saying incentives matter, and citing Richard Gnodde's move to Milan as a sign of commercial migration.

Under increasing fiscal pressure, Chancellor Rachel Reeves has refused to rule out new wealth taxes in the upcoming budget. While Solomon expressed sympathy for her role's demands, he cautioned against tax policies that discourage investment. "I have sympathy, I have empathy not just for the chancellor, but for anyone who's serving in one of these governments," he said.

Solomon referenced ringfencing—a regulation introduced after the financial crisis mandating separation of retail and investment banking—which he said now impedes growth. While the measure was introduced to protect the public, he argued it now drags economic growth. "It's a place where the UK is an outlier, and by being an outlier, it prevents capital formation and growth," he said. "What's the justification for being an outlier? Why is this so difficult to change?"

He added that the government's words must now be matched by action. "The chancellor spoke here about regulation. She's talking about regulation not just for safety and soundness, but also for growth. And now we have to see the action steps that actually follow through and encourage that."

Although Goldman Sachs still employs around 6,000 staff in the UK, Solomon warned that continued expansion elsewhere may jeopardise London's workforce base. However, as Solomon made clear, that presence is no longer guaranteed if the policy environment continues to push business elsewhere.