VantageScore®

4.0 | Ushering in a new standard for credit scoring

About the model

VantageScore 4.0, the fourth-generation tri-bureau credit scoring model from VantageScore Solutions, once again sets a new standard for predictive performance and modeling innovation, pioneering several industry "firsts" that benefit lenders and consumers alike.

Key performance indicators

VantageScore 4.0 delivers superior risk predictive performance across consumer credit products and across the population distribution.

Why settle for inconsistent credit scores? As the **first and only** "tri-bureau" credit scoring model, a patented hallmark of VantageScore is the ability to deploy the same model independently at Equifax, Experian and TransUnion, which means a consumer's credit scores are more consistently aligned.

Predictive performance — Gini

VantageScore 4.0 offers superior predictive performance (Gini). Gini is a statistical measure of a model's capacity to identify consumers who are likely to default by assigning low scores to those consumers, while consumers who are likely to remain current over a two-year time frame receive higher scores.

VS 4.0	Gini Value	
	Acct Management	Originations
Credit Card	80.6	64.6
Auto	78.4	71.7
Mortgage	84.2	68.6
Personal Loan	68.4	55.9

The value of the improved predictive lift is demonstrated by capturing more of the defaulting accounts in the bottom 20 percent of the population.

**Incremental 90+ Days Past Due accounts captured in bottom 20%: VantageScore 4.0 compared with VantageScore 3.0**
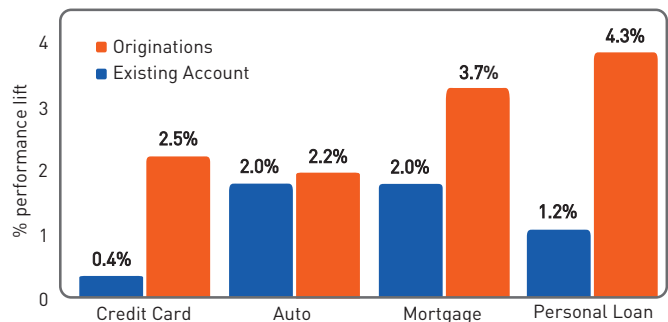
Development highlights

Trended data attributes

VantageScore 4.0 is the first and only tri-bureau credit scoring model to incorporate trended credit data newly available from all three national credit reporting companies. Trended credit data reflects changes in credit behaviors over time, in contrast to the static, individual credit history records that have long been available in consumer credit files and used in generic scoring models.

Performance lift among Prime consumers due to the use of trended data attributes
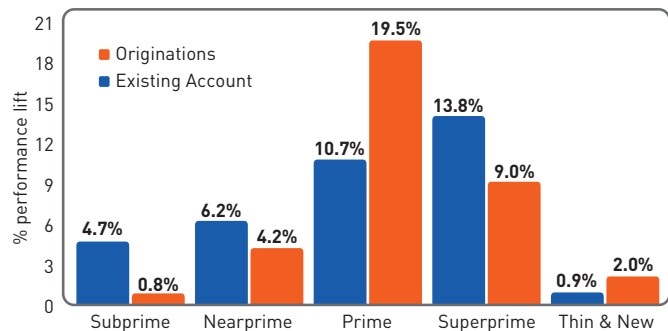
Up to 20% incremental predictive performance lift among Prime and Superprime consumers due to the use of trended data attributes in VantageScore 4.0, compared with the use of only static data attributes.

NOTE: The timeframe for the data used in the latest performance analysis was from June 2019 to June 2021.

Universe expansion - Newly scoreable

VantageScore 4.0 leverages machine learning techniques in the development of scorecards for consumers with limited credit histories. For originations among conventionally unscoreable consumers, this method drives 2.4% performance improvement and captures 6% more defaulting accounts in the bottom 20% when compared with VantageScore 3.0. These consumers are not scored by conventional models, which require a consumer to have a minimum of six months of credit history on the credit file or a minimum of one update to their credit file at least once every six months.

This approach yielded a substantial enhancement in scoring accuracy among consumers who cannot obtain scores from traditional scoring models, strengthening **VantageScore 4.0's ability to score approximately 37 million more consumers who typically are not scored by conventional models without relaxing standards.**

The graph below shows the score distribution for credit invisibles, or the newly scoreable population.

VantageScore 4.0 score distribution
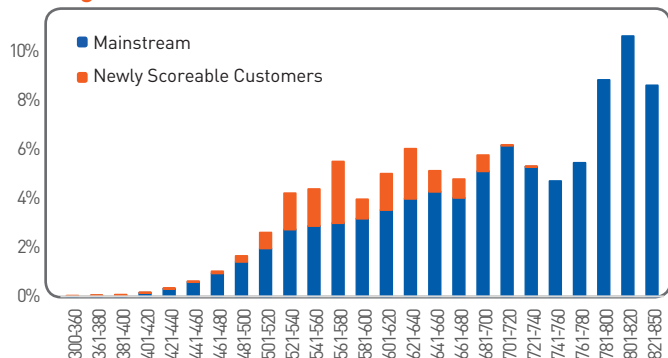
Score distribution for Newly Scoreable population

3.8M minorities in Newly Scoreable population with a score of 620+ **

	NEWLY SCOREABLE	SCORES 620+
African American	5.5 million	1.3 million
Hispanic	5.2 million	1.7 million
White	24.2 million	9.2 million
Asian	1.4 million	0.6 million
Native American & Pacific Islander	350,000	100,000

Features 16.6% and 12.5% performance lift in bankcard and auto categories for dormant* consumers as compared with VantageScore 3.0

*Consumers who have scoreable trades but do not have an update to their credit file in the last six months.

Public records and collection trade reduction

VantageScore 4.0 is the first and only tri-bureau model to newly redesign attributes related to public records to accommodate these shifts in volume while having the capacity to continue the consideration of public record information when it is included in the credit file.

More than **3,000** lenders and other industry participants used more than

14.5 billion VantageScore scores in the 12-month period from March 2021 to February 2022.

Tens of millions of consumers use VantageScore to gauge their own creditworthiness

Behavioral contribution to score

General predictive contribution of the primary credit behavior factors to the credit score.

- Available Credit
- Balance
- New Credit
- Utilization
- Age/Mix
- Payment History
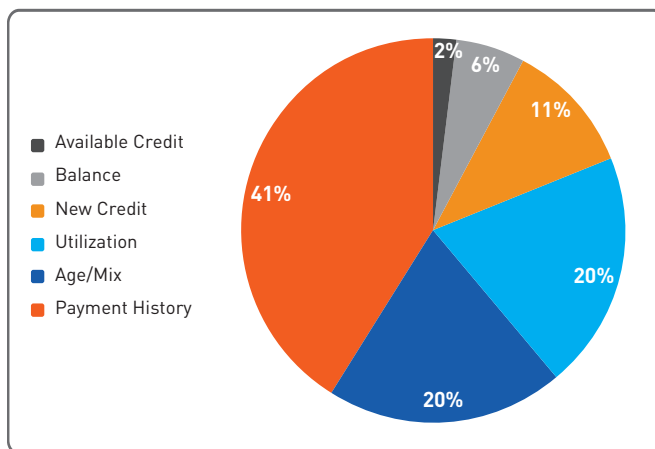
Visit VantageScore.com to find additional information. Lenders interested in learning more about how the VantageScore 4.0 model can improve their credit decisioning should contact their CRC sales representative.

VantageScore
a higher level of confidence

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