

# 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.

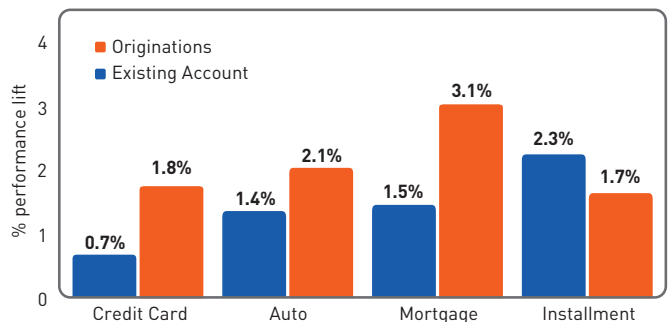
## Predictive performance — Gini

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	81.00	69.16
Auto	78.78	71.88
Mortgage	83.86	75.32
Installment	75.58	67.27

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

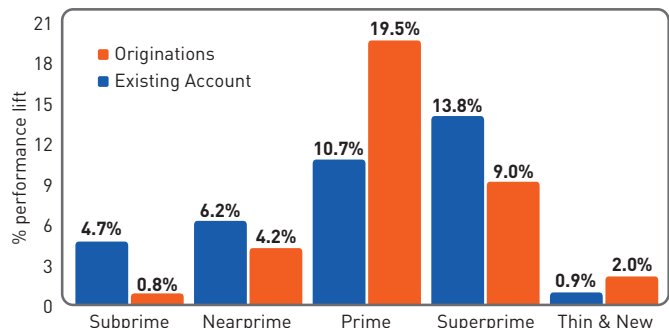


## Development highlights

### 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 this latest performance analysis was from February 2018 to February 2020.

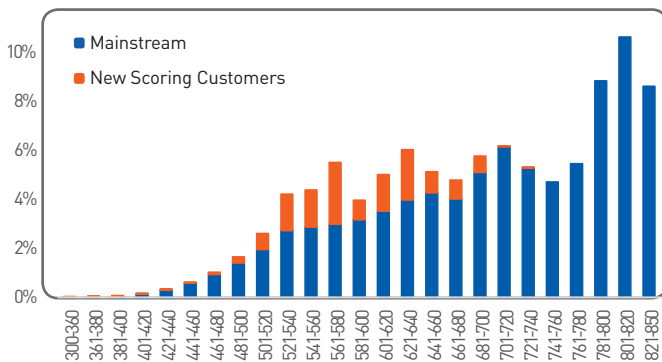
## Universe expansion

VantageScore 4.0 leverages machine learning techniques in the development of scorecards for consumers with limited credit histories, which drives a 10 percent performance lift among consumers who have not had an update to their credit file in the last six months (i.e., dormant). 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 40 million more consumers who typically are not scored by conventional models without relaxing standards.**

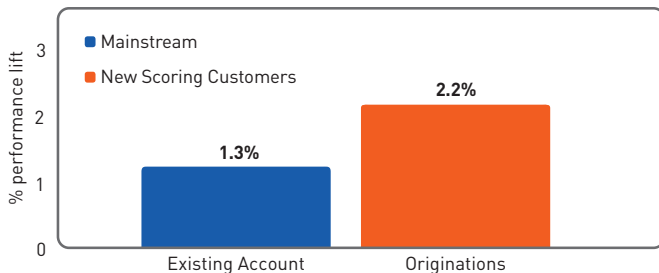
The graph below shows the score distribution for credit invisibles, or the new-to-score population.

### VantageScore 4.0 score distribution



Score distribution for New Scoring (Credit Invisibles) population

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



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 scorable trades but do not have an update to their credit file in the last six months. \*\*The timeframe for this data was from 2014 to 2016.

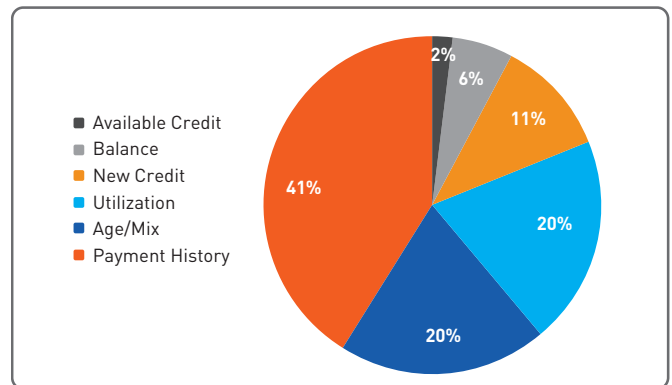
## Public records and collection trade reduction

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 **2,500** lenders and other industry participants used more than **12 billion** VantageScore scores in the month period from July 2018 to June 2019. **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.



### 2.7M minorities in Universe Expansion (UE) population with a score 620+

	UE - All Scores	UE - Scores 620+
<b>Total</b>	<b>40 million</b>	<b>10.1 million</b>
<b>Black and Hispanic</b>	12.2 million	2.4 million
<b>Asian/Pacific-Islander</b>	1.6 million	<1 million
<b>Native American</b>	<1 million	<1 million

Visit [VantageScore.com](http://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.

**Equifax:** 1.888.202.4025 [www.equifax.com/vantagescore](http://www.equifax.com/vantagescore)  
**Experian:** 1.888.414.1120 [www.experian.com/vantagescoreforlenders](http://www.experian.com/vantagescoreforlenders)  
**TransUnion:** 1.866.922.2100 [www.transunion.com/product/vantagescore](http://www.transunion.com/product/vantagescore)

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