

# 2022 VANTAGESCORE® MARKET STUDY REPORT

AUTHORS

Cosimo Schiavone, Partner

Michael Hepinstall, Partner

# Context and introduction

Oliver Wyman was requested by VantageScore Solutions, LLC (“VantageScore”) to gather and benchmark objective and unique market information regarding the use of VantageScore credit scores throughout the United States.

Oliver Wyman asked the three credit reporting agencies, Equifax, Experian, and TransUnion (hereinafter the “CRCs”), the owners of VantageScore, to provide data, independently, on the number of VantageScore credit scores used between March 1, 2021 to February 28, 2022.

Credit scores are used by lenders and other industry participants to make credit decisions across the lifecycle of consumer loans: to pre-screen applicants, to price and underwrite new loans, and to manage existing accounts. The specific ways in which lenders incorporate scores in their credit processes vary significantly. For example, more sophisticated lenders (e.g., large banks, large credit card issuers, and innovative FinTech lenders) tend to use a combination of third-party scores (e.g., VantageScore credit scores) and internal models (e.g., custom-built and product-specific credit scores) to make decisions across the loan lifecycle. Smaller lenders, by contrast, often rely entirely on third-party generic scores for their decisioning.

VantageScore is one of several credit scoring models used by industry participants. Others include credit scoring models that the CRCs have individually developed as well as multiple versions of FICO models. This report focuses specifically on VantageScore credit score adoption without considering the use of other scoring models.

# Summary of results

## Highlights

- VantageScore credit score use increased to 14.5BN scores or by 18% compared to the 2019 study
- VantageScore credit score use in underwriting/account opening decisions increased by 620MM or by 132% compared to the 2019 study<sup>1</sup>
- 9 of the top 10 banks, and 30 of the top 50 banks use VantageScore credit scores

This market study confirms that VantageScore credit scores continue to be used across the entire lifecycle of consumer lending and across every relevant category. In the 12-month period between March 1, 2021 and February 28, 2022, over 3,000 companies used 14.5 billion VantageScore credit scores. This is approximately an 18% increase in the number of scores as compared to the 2019 study<sup>2</sup>. The significant increase in VantageScore credit score use was most pronounced among consumer websites, personal and installment loan companies (incl. fintech lenders), credit unions and tenant screening companies, telecommunications companies, and utilities.

The table below summarizes the number of VantageScore credit scores used by company type and the change relative to the 2019 study<sup>3</sup>:

COMPANY TYPE	TOTAL USAGE OF VANTAGESCORE CREDIT SCORES		
	# USED (MILLIONS)	% OF TOTAL	Δ SCORES (2022 vs.2019)
Credit card issuers	3,720	26%	-11%
Personal and installment loan companies	1,595	11%	+97%
Auto lenders	201	1%	+53%
Mortgage lenders	145	1%	+84%
Credit unions <sup>4</sup>	108	1%	+209%
Banks <sup>4</sup>	881	6%	-60%
<b>Subtotal: Financial Institutions</b>	<b>6,650</b>	<b>46%</b>	<b>-11%</b>
Consumer websites	4,780	33%	+56%
Tenant screening, telecommunications, and utilities	420	3%	+528%
Government entities	416	3%	-53%
Other <sup>5</sup>	2,273	16%	+166%
<b>Subtotal: Non-Financial Institutions</b>	<b>7,889</b>	<b>54%</b>	<b>+62%</b>
<b>Total VantageScore credit scores used</b>	<b>14,539</b>	<b>100%</b>	<b>+18%</b>

<sup>1</sup> In the study, VantageScore credit scores used by companies (excl. consumer websites) in real-time/online method are assumed to be associated with underwriting/account opening decisions compared to batch method which is typically associated with marketing/pre-screen, portfolio monitoring and/or analytics use cases.

<sup>2</sup> The 2019 VantageScore Market Study Report was prepared by Oliver Wyman using a substantially similar methodology as this market study and measured the number of VantageScore credit scores used between July 1, 2018 and June 30, 2019.

<sup>3</sup> Numbers in the table are rounded.

<sup>4</sup> These categories include scores used by credit unions and banks, respectively, which we were not able to attribute to a specific LOB.

<sup>5</sup> This category includes scores used primarily for batch method (e.g., for marketing/pre-screen, portfolio monitoring and/or analytics use cases) which we were not able to categorize into one of the company types in the table.

## Results: Financial Institutions

Usage among financial institutions<sup>6</sup> is widespread, with 9 of the top 10 banks<sup>7</sup> and 43 of the top 100 credit unions<sup>7</sup> using VantageScore credit scores in one or more lines of business (in 2019, 29 of the top 100 credit unions used VantageScore credit scores). Overall, 2,625 financial institutions used a total of 6.65 billion VantageScore credit scores. Additionally, approximately 0.8 billion VantageScore credit scores were used in association with underwriting or account opening decisions (approximately 132% increase since 2019). Usage is fairly concentrated, with the 30 largest financial institutions representing approximately 62% of all VantageScore credit scores used in this category.

### Credit Card Issuers

The card market continues to be concentrated, and so too were users of VantageScore credit scores: the top 10 card issuers accounted for approximately 78% of the VantageScore credit scores used by all card issuers. This is slightly more concentrated than 2019 when the top 10 accounted for approximately 75%. While overall use of VantageScore credit scores by credit card issuers decreased by approximately 466 million from 2019, use in credit card application decisions increased. We were able to identify approximately 311 million VantageScore credit scores associated with underwriting/account opening decisions, which included both approvals and turn downs. This represents a significant increase of approximately 218 million uses since 2019.

### Personal and Installment Loan Companies (incl. Fintech Lenders)

Consumer and personal lenders also were heavy users of VantageScore credit scores. This category also includes point-of-sale financing companies and installment lenders. Consumer and personal lenders used a total of approximately 1.6 billion VantageScore credit scores, approximately 318 million of which were used for underwriting/account opening decisions.

### Auto Lenders

Several major auto lenders used VantageScore credit scores to provide auto and/or truck financing to their customers. Auto lenders used a total of approximately 201 million VantageScore credit scores (70 million more than 2019, driven primarily by large banks), at least approximately 63 million of which were used for underwriting/account opening decisions (26 million more than 2019). Specialty consumer financing companies were responsible for nearly half of the uses, followed by banks and then captive finance companies of the major auto manufacturers. This diverges from 2019 when banks represented the smallest share of these three categories.

### Credit Unions

43 of the top 100 credit unions were joined by many smaller credit unions in using a total of approximately 108 million VantageScore credit scores (approximately 73 million more than 2019), of which approximately 12.4 million were used for underwriting/account opening decisions (a significant increase of approximately 10.7 million vs. 2019, driven primarily by top credit unions and wider adoption). Credit unions, particularly smaller ones, tend to rely more on third-party scores (e.g., VantageScore credit scores) for credit decision-making in comparison to larger banks or card issuers, which might also use proprietary internal models.

## Results: Non-Financial Institutions

Adoption among non-Financial Institutions also was considerable. Approximately 380 tenant screening, telecommunications providers, utility companies, consumer websites, government entities, asset managers,

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<sup>6</sup> This also includes captive auto lenders, consumer/personal loan companies, and private label credit card issuers.

<sup>7</sup> Based on assets as of 12/31/2020.

non-bank investors, and other non-lenders used a total of approximately 7.9 billion VantageScore credit scores – a 62% increase compared to 2019.

More specifically, in the category of non-Financial Institutions, consumer websites used approximately 4.8 billion VantageScore credit scores (approximately 1.7 billion more than 2019). In the last several years, many websites (e.g., account aggregators, personal finance management providers, and online and mobile banking portals) have started offering consumers the ability to check their credit scores, often at no charge to the consumer. Many of these websites also provide educational tools and advice to help consumers understand and improve their credit scores.

Approximately 55 government entities used a total of approximately 416 million VantageScore credit scores this year. Usage is very concentrated, with almost 100% of VantageScore credit score uses attributed to the top 5 government entities.

Several investment firms (17 identified in this study) also used VantageScore credit scores to guide investment decisions. For example, investors may use scores through third-party services to analyze bonds backed by pools of loans for stress testing and valuation purposes.

## Methodology

Oliver Wyman asked the three CRCs to provide data on the total number of VantageScore credit scores used between March 1, 2021 and February 28, 2022, by the following categories of entities or end-users: (a) mortgage originators; (b) credit card issuers; (c) auto lenders; (d) banks<sup>8</sup>; (e) credit unions; (f) consumer websites; (g) government entities; (h) consumer lending/person loan providers; (i) tenant screening companies, telcos, and utilities; and (j) others.

The CRCs were also asked to divide the data regarding the number of VantageScore credit scores and CRC proprietary scores used by method (i.e., batch-pull vs. online/real-time pull) and by purpose (i.e., pre-screen/pre-select/pre-approve, underwriting/account origination, portfolio management/account review, and other) to the extent such data was available.

The data from each individual CRC were never provided to either of the other two CRCs. In addition, VantageScore was never provided with any of the raw market data from any of the three individual CRCs. VantageScore only received a summary of deduped, anonymized data. Oliver Wyman has conducted quality checks on the data received to perform aggregate-level, anonymized analysis; however, Oliver Wyman assumes no responsibility for the accuracy or completeness of the information provided by the CRCs.

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<sup>8</sup> This category includes the use of VantageScore credit scores when it was not possible to attribute use to a specific LOB.

Oliver Wyman is a global leader in management consulting. With offices in 60 cities across 29 countries, Oliver Wyman combines deep industry knowledge with specialized expertise in strategy, operations, risk management, and organization transformation. The firm has more than 5,000 professionals around the world who work with clients to optimize their business, improve their operations and risk profile, and accelerate their organizational performance to seize the most attractive opportunities. Oliver Wyman is a wholly owned subsidiary of Marsh & McLennan Companies [NYSE: MMC].

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Oliver Wyman  
1166 Avenue of the Americas  
New York, NY 10036

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