Methodology Update: Switching Credit Score Measures in the Consumer Credit Panel

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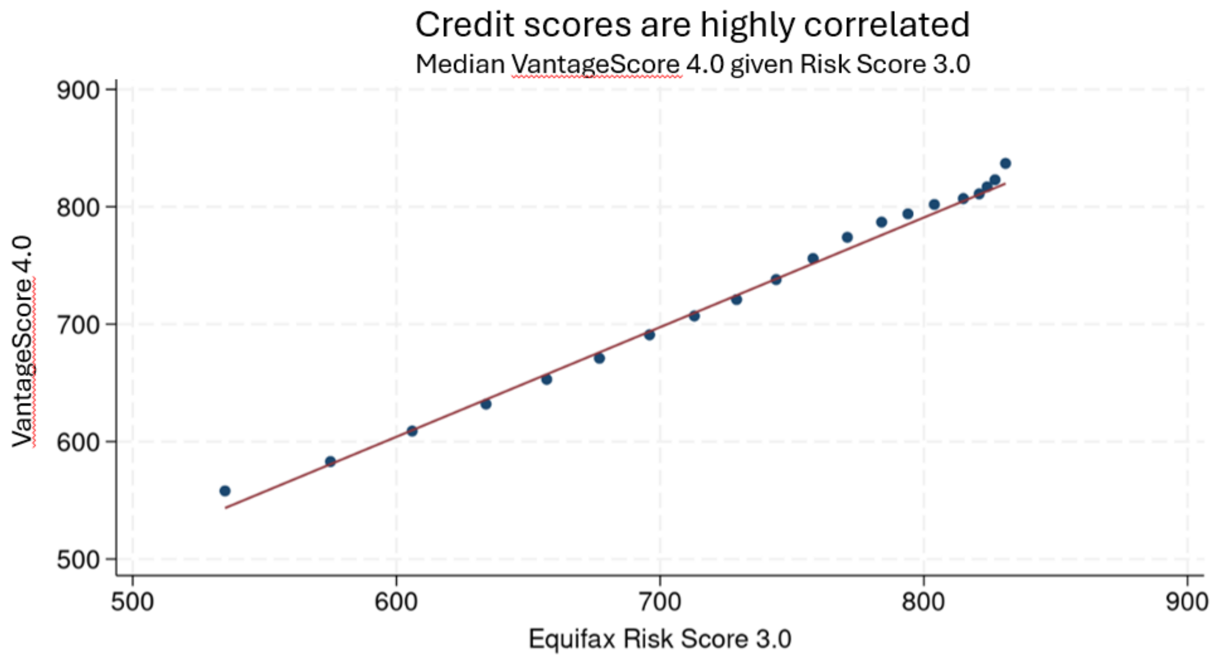
In the *Quarterly Report on Household Debt and Credit* for 2026:Q1, we introduce a change in our credit score measures. The New York Fed's Consumer Credit Panel, based on Equifax credit report data, has historically used Equifax Risk Score 3.0 as the credit score measure, but that score is being phased out by the data provider. Starting with this report, the figures and analysis that depend on credit scores will shift to the VantageScore 4.0.

In this technical paper, we provide some context on how this shift will impact the observed population with credit scores and our analysis. We find that, though there are some differences, for our purposes the scores align and enable us to switch with minimal disruption, even though VantageScore 4.0 scores approximately 33 million additional borrowers that previously were unscored. This note serves to document the implications of the shift toward the new scoring algorithm and to provide some background on the change.

Introduced in 2017, VantageScore 4.0 incorporates trended credit bureau attributes, and is currently eligible for use in connection with mortgage loans acquired by Fannie Mae and Freddie Mac. Both the new score and the previously used scores (Equifax Risk Score 3.0) were designed to provide lenders with a measure that captures a potential borrower's default risk, where default risk declines as the score increases. These scores have the same range, from 300 to 850, and are very highly correlated—though, to be clear, an individual score will not be the same across VantageScore 4.0 and Equifax Risk Score 3.0 (for example, a score of 720 in VantageScore will not necessarily be 720 in Equifax Risk Score 3.0).

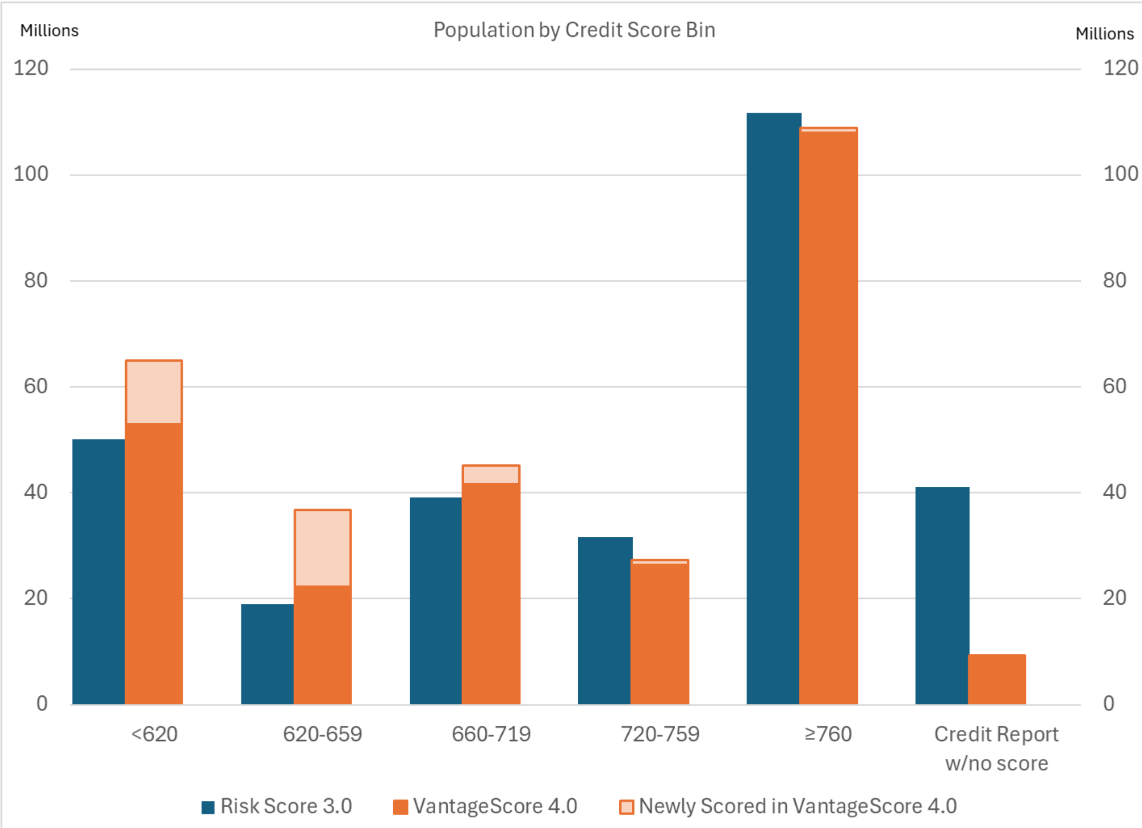
The chart below shows that the two scores are well aligned in aggregate. The relationship between the two scores is mostly monotonic, such that a higher average Risk Score is generally associated with a higher average VantageScore 4.0. For half the borrowers, their score changes by less than 20 points. The vast majority, about 85 percent, of those with subprime (<620) risk scores also have subprime VantageScore scores. The same is true in the group with the highest scores.

In the chart below, we plot the median VantageScore 4.0 against the median Risk Score 3.0 for each equally sized bin of Risk Score. The medians are nearly equal through most of the distribution, with exceptions at the very top and at the very bottom, where score differences are likely inconsequential in terms of access to credit. For example, subtle changes in scores within the deep subprime range, such as from 525 to 550, are unlikely to significantly expand a borrower's access to credit. Similarly, scores of 800 and 825 are effectively equivalent in terms of credit access, as lenders tend to view both scores as very low-risk.



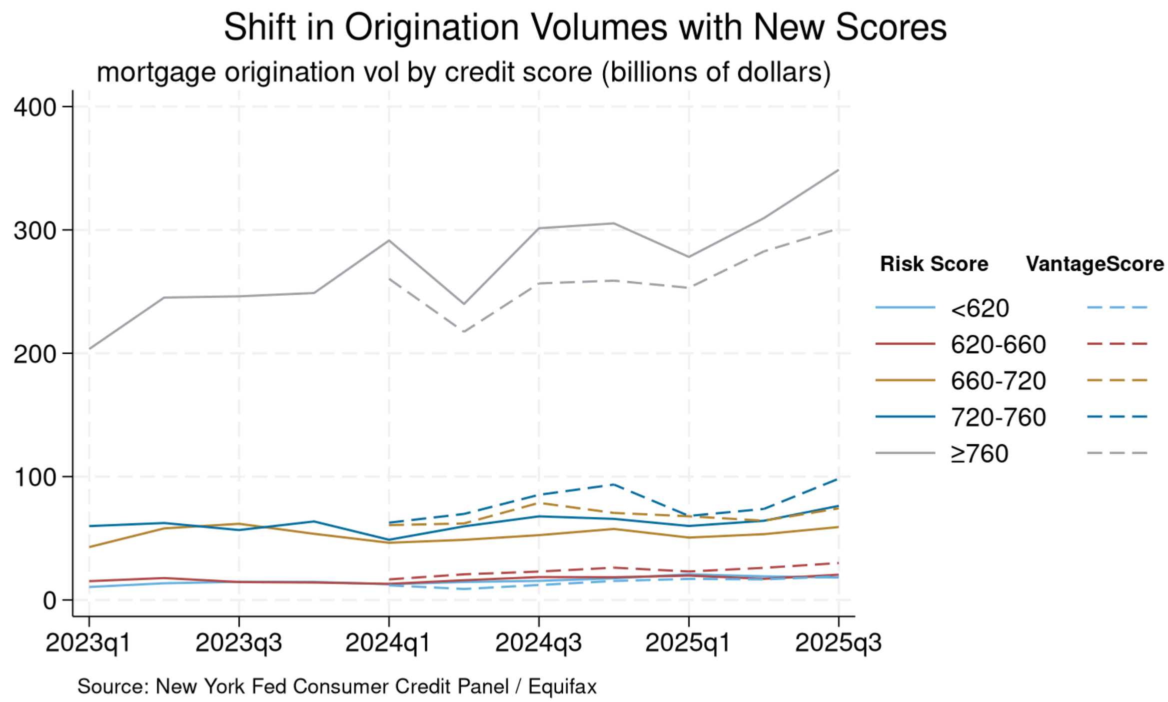
Source: The New York Fed Consumer Credit Panel / Equifax; exclude scores <500

Correspondingly, the overall distribution of scores in the population remains quite similar. In the chart below, we show the number of individuals in each score bin. The number of individuals in each bucket are similar, with a key difference: one feature of the VantageScore 4.0 scoring algorithm is that it scores more borrowers. Shown in lightly shaded [gold] in the figure below are the numbers in each bucket that were *previously* unscored using Risk Score 3.0. Nearly 33 million individuals with limited credit histories now have credit scores under the new model, which incorporates rent, utility and other payment data. The majority (83 percent) of newly scored individuals have scores below 660, so while not inconsequential for some credit products, the expected immediate impact of having a score on overall access to credit is likely to be limited.



Source: New York Fed Consumer Credit Panel / Equifax

In our *Quarterly Report*, we publish 4 charts that use credit scores. Because these two scoring algorithms are largely aligned, there will be a small, one-time impact on this data in 2026:Q1, as we will publish mortgage and auto loan originations using VantageScore 4.0 credit scores. To provide historical context, we provide historic computations of mortgage originations using VantageScore 4.0 scores back to 2024:Q3 in the chart below. The new credit score algorithms produce similar trends, although there are some origination volumes that shift from the highest score buckets to the middle ones. For auto loan originations, another report chart that will be affected by the credit score change, the effect is similar, with some shifting from higher-score origination volumes to lower score buckets.



Although there will be minimal effective impact on the currently published charts, there will be a small discontinuity in some time series in 2026:Q1. However, the similar score ranges (both 300-850) and correlation between the two models limit the impact of this transition on analysis. The shift brings the advantage of aligning our reports with a more widely accepted credit scoring model. Readers should note this discontinuity when comparing credit-score-related statistics from this quarter with those from previous quarters.