

August 4, 2008

Jennifer J. Johnson, Secretary  
Board of Governors of the Federal Reserve System  
20th Street and Constitution Avenue NW  
Washington, DC 20551

Re: Regulation AA -- Unfair or Deceptive Acts or Practices Proposal –  
Board Docket R-1314

Dear Chairman Bernanke, Members of the Board, and Board Secretary Johnson:

The Political and Economic Research Council (PERC) is a non-profit, non-partisan, centrist policy research organization based in Chapel Hill, North Carolina. PERC's primary focus since its inception has been on market-based economic development with an emphasis on matters pertaining to credit access. Since 2002, and its applied studies centers—the Information Policy Institute, the Center for Competitive Credit, and the Center on the Global Information Economy—have undertaken a series of pioneering quantitative social and economic impact analyses on a range of retail and commercial credit issues in the United States and globally. PERC has been consulted on consumer credit matters by the Federal Reserve Board, the White House, the US Congress, the Federal Trade Commission, the Federal Deposit and Insurance Corporation, and government agencies and legislative bodies in more than 12 countries.

## **1. Summary and Overview of Comment**

Given our well-developed interest in credit access policy issues, and our expertise in quantifying potential impacts of proposed statutory and regulatory rules changes, PERC was invited by the Coalition for Equal Access to Credit (“CEAC”) to assess the methodological rigor of analyses conducted by TransUnion Corporation, and to assess the validity of the inferences and conclusions drawn by TransUnion in their analysis. We have attached a copy of a slide deck encapsulating the body of TransUnion's analysis for the Board's review and consideration. The methods employed by PERC to assess TransUnion's analysis, and a discussion of our findings are contained in the following section.

First, we'd like to state PERC's position on Regulation AA, specifically in reference to proposed caps on fees that sub-prime card issuers may charge their customers. Given developments in the US sub-prime credit market over the past year, PERC fully understands the impetus for the Board's interest in non-collateralized elements of the sub-prime consumer credit market, and their Notice of Proposed Rulemaking intended to ameliorate alleged unfair practices therein.

In that PERC’s primary focus is upon credit access for traditionally credit underserved populations, and the identification of market-based solutions for broadening and deepening credit access for this population—witness our ongoing Alternative Data Initiative with the objective of bringing “thin-file” and “no-file” consumers into the credit mainstream by means of having energy utility and telephone payment data (so-called “alternative data”) fully reported to consumer credit bureaus—for those who qualify, PERC considers many sub-prime lending instruments as valuable alternatives to payday loans, check cashing services, and predatory or black market loans. For many, the responsible use of a sub-prime credit card—even those that carry high fees and offer relatively low initial credit limits—is the only available means of building a good credit history in order to qualify for more favorable prime credit.

While the issues surrounding sub-prime card fee and interest rate regulation are complex, based upon its examination of TransUnion’s analysis conducted for CEAC, and an examination of publicly available data, PERC is concerned that the Board’s proposed rule change that would limit fees that a sub-prime card issuers could charge their customers, and restrict their ability to engage in risk-based pricing with respect to account maintenance, may possibly result in:

- a reduction in credit access;
- an increase in the price of credit; or,
- some combination of both.

It is for this reason that PERC urges the Board to conduct an impact analysis of the potential economic consequences from its proposed fee cap on sub-prime card issuers before making a decision on the proposed fee structure and credit pricing changes. Whether and to what specific levels a cap is set, and the ability of lenders to calibrate the price of credit to changes in a borrower’s risk profile, may have measurable consequences for credit access.

#### **1.a. Understanding sub-prime card issuer profits**

A casual read of articles in the mainstream press provides a compelling, though inaccurate description of the state of the sub-prime credit card industry’s profitability. Generally, such articles contain boilerplate language about hundreds of millions of profits earned from “fee harvester” cards on the backs of economically disadvantaged populations that is derived from a handful of reports.<sup>1</sup> While such characterizations about the profitability of firms in the industry, and even the

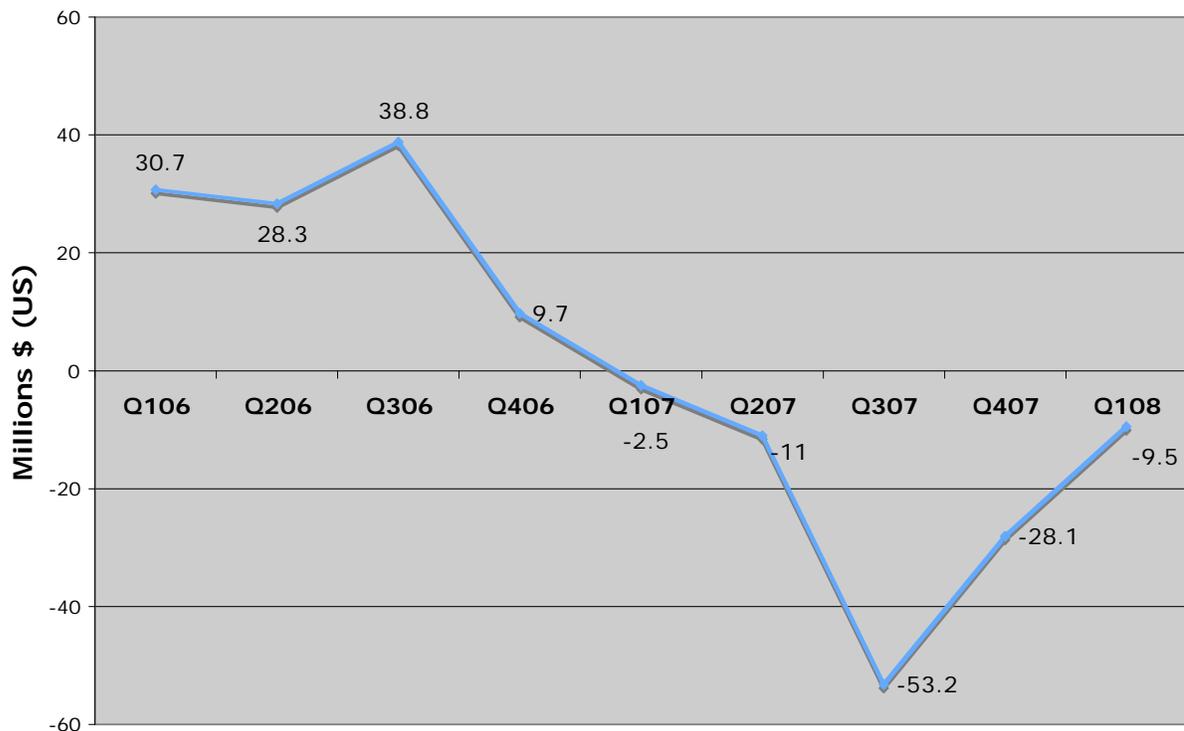
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<sup>1</sup> For an example of an oft-cited study, see Jurgens, Rick and Chi Chi Wu. “Fee Harvesters: Low-Credit, High-Cost Cards Bleed Consumers.” Boston: National Consumer Law Center, November 2007.

industry are accurate at varying points in time—typically during periods of credit expansion—they are less likely to be accurate during periods of credit contraction.<sup>2</sup>

Rather than looking at firm level profit margins in a given quarter or year, a far more relevant assessment of a firm or industry’s profitability comes by viewing profits across a business cycle. For example, the graph below shows quarterly profits for CompuCredit, a major sub-prime credit card issuer in the United States. If the quarterly results for 2006 are considered independently, or combined into annual profits, the firm and the industry look extraordinarily lucrative, with annual profits of \$107.5 million US. By contrast, if one examines the profits of the same company during 2007 and 2008, a very different picture emerges, as the companies profits of 2006 were nearly entirely offset by losses totaling \$104.3 million US.<sup>3</sup>

### CompuCredit Profits (Q1 2006 - Q1 2008)



Sources: 10-K SEC Filing of CompuCredit Corp. on 2/29/08; *Atlanta Business Chronicle*; *BusinessWeek*; *The Motely Fool*.

<sup>2</sup> “CompuCredit Corp., a Major Sub-prime Credit Card Issuer, Reports 346% Increase in Profits,” CardRatings.com. 18 August 2005. Downloaded from <http://www.cardratings.com/creditcardnews/2005/08/compucredit-corp-major-sub-prime-credit.html>

<sup>3</sup> CompuCredit Corp. is expected to release its 10Q filing for the second quarter of 2008 on 5 August 2008. As a result, these weren’t available for inclusion in these comments.

### **1.b. Credit Contractions Likely Result of Proposed Rules Changes**

Thus, if regulations capping fees and restricting the ability of sub-prime card issuers to engage in risk-based pricing are intended to offset perceived supra-normal rents while preserving current credit access rates, they are unlikely to have that effect.

In fact, the result of a fee restriction—such as the proposed rules changes that would cap fees at 50% of the initial credit limit—may result in a contraction in credit. Some borrowers, whose expected life-time value to a card issuer made them attractive under the current regime, might become economically non-viable with fee caps and risk-based pricing restrictions as proposed by the FRB.<sup>4</sup> In that the prevailing business model of sub-prime card issuers relies on volume of business and not individual margins, the percentage of current borrowers likely to be affected by the proposed fee cap is likely to be non-trivial. To the extent that this dynamic might be the case, we urge the Board to work with issuers to better understand how this is likely to affect credit access before coming to a final decision.

With regard to the proposed rules change that would limit the ability of card issuers to adjust the APR on outstanding balances as a result of changes in a borrower's risk profile—usually discovered as a result of routine account maintenance—there are good reasons to believe that this too would result in a credit contraction and possibly higher prevailing prices for credit across all risk tiers. First, in that a credit score is an odds ratio (e.g. a generic scoring model measures the probability that a borrower will be 90 days or more late on a payment over a two-year period), and not a tool by which lenders can identify specific individuals who will default, given the proposed limitation on risk-based pricing a likely response of sub-prime card issuers is to adjust the acceptance criteria and reject applicants from the lower score tiers. In addition, to recoup lost revenues from credit contraction and to offset revenues from behavioral adjustments, issuers are likely to charge a marginally higher interest rate for all borrowers. The result will be a cross-subsidy from good borrowers (those that make timely payments and have higher or improved scores) to higher risk borrowers (those who are consistently late or whose scores trend downward over time).

Again, PERC fully understands the Board's desire to explore the full range of issues relating to the price of sub-prime credit in an attempt to protect borrowers from unfair or deceptive trade practices. In that risk-based pricing based upon credit scores has opened the door to mainstream credit for untold millions of Americans,

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<sup>4</sup> For example, assuming a card with an initial credit limit of \$250 and total initial fees of \$175, the portion of borrowers who currently qualify for credit from sub-prime card issuers, but who would be rejected if the FRB's proposed rules changes were to take affect, would be those who's estimated life-time value is justified with fees at \$126 and above, but not at \$125 and below. This from the proposed 50% initial credit limit rate cap.

and in light of the theoretical and empirical considerations just offered, PERC urges the Board to more fully examine the likely credit access consequences from the proposed rules changes affecting fee structures and risk-based pricing.

As discussed above, the bulk of PERC's comments on this matter pertain to our assessment of analysis undertaken by TransUnion Corporation at the behest of Citizens for Equal Access to Credit, or "CEAC." The following section summarizes the results of PERC's assessment of the TransUnion analysis.

## **2. PERC Verifies TransUnion's Calculations**

PERC was able to replicate all of the findings of TransUnion's analysis either perfectly, in most cases, or to within only a very small difference. When such small differences did arise they were qualitatively inconsequential. The differences were likely due to rounding differences or subtle choices in the exact procedures of the calculations, such as whether to include the unscorable consumers (in the denominator) when reporting the proportion of the sample that witnessed score increases. While PERC had access to the exact data TransUnion used, PERC independently analyzed it and did not receive any programming code with which to analyze it. These small differences speak to the robustness of the findings in that two teams independently analyzed data and came up with very nearly identical results. Thus, it is not likely subtle differences in the analysis would result in meaningful changes to the findings.

While PERC was not able to independently verify the integrity of the underlying sample selected, no irregularities were observed by PERC. The sample consists of:

- (1) all consumers that opened a new sub-prime card in January 2006 that were issued by one of four national sub-prime bankcard lenders;
- (2) those that had a credit file in December 2005; and,
- (3) those that had credit file data in January 2008 for which performance and outcomes could be obtained.

The outcomes observed in January 2008 were compared to the initial credit profiles observed just prior to when the consumer opened the sub-prime account, in December 2005.

Importantly, the analysis omitted those that were "no-hits" in December 2005 due to the lack of the "benchmarking" data.

### **2.a. Credit Scores and Score Migration**

As with TransUnion, PERC found that consumers that opened sub-prime cards tended to have lower credit scores than the typical consumer and witnessed declining scores on average over the observation period. They also exhibited less score stability than we would expect for the typical consumer.

A deeper analysis of the drivers behind these differences might be useful as well as, importantly, a longer-term analysis, looking at multiple periods. While the observation period of two years is more than sufficient for analysis needed to answer the basic questions surrounding the impact of sub-prime cards on changes in credit access, there are additional questions that can be better answered by knowing how the consumers stood before and after the observation period.

Indicators of the risk of the sub-prime card consumers include the very high rates of serious delinquencies found in January 2008. What would be interesting to know is whether such high delinquency rates witnessed for this group of consumers during the observation period is typical of similar groups 4 or 5 years earlier or whether it is driven by more recent macroeconomic factors or recent problems in the credit market.

The findings on the movement of credit scores over time among the sub-prime card consumers are consistent with the following:

- most consumers experienced score declines;
- a greater likelihood of score rises among those that had the lowest scores in 2005; and,
- a greater likelihood of score rises among those with either no credit balance or no open accounts in 2005, presumably those newer to credit.

This raises the question of whether there are two main types of sub-prime card consumers. First, those that have little credit history and usage or have very low credit scores and are more likely to see score rises concurrent with their open sub-prime account. These may be those consumers that are using the sub-prime cards to build or rebuild their credit. And second, there may be a second type that have higher initial scores and balances but have hit credit and financial trouble and have falling scores. This would be consistent with result that a number of near-prime, prime, and super-prime consumers had the sub-prime cards in December 2005, but disproportionately experienced score declines. A better understanding of the differences between the higher score and lower score sub-prime consumers may help our understanding of how sub-prime cards are used by consumers.

#### **2.b. Many of the score increases are consequential**

Where score changes occur may be more crucial than the magnitudes of the changes. To demonstrate that a portion of the score increases witnessed would be consequential to consumers, TransUnion calculated the share of increases for those with sub-prime credit scores in December 2005 that moved consumers to near-prime or better. This was about 20 percent. And for those that had score increases and near-prime scores in December 2005, 74 percent moved to higher credit tiers (prime or super-prime). This should not be confused with result that most near-prime

consumers saw score increases (from the TransUnion analysis we know that 37% of all consumers saw score increases).

What this does tell us is that many of the score increases are, likely, consequential for the consumers.

TransUnion's analysis also demonstrates the potential consequential impacts of the score increases by comparing a number of attributes, such as number of open accounts and credit limit, for those with score increases before and after their score increase and to the entire group (those with and without score increases). As one would expect, access to credit is expanded for those with score increase, relative to prior to the score increase and relative to the larger group. This finding is unsurprising.

Taken together, it is reasonable to conclude that the score rises that occurred are consequential in terms of movement across credit score tiers and increased access to credit.

Therefore, it may be the case that for those groups of sub-prime card holders who are more likely to see score rises—those with the lowest initial scores and who initially had no open accounts—holding a sub-prime card would coincide (on net) with expanded access to credit (in terms of the attributes measured). It would be useful if this were verified directly in later analysis, as these groups may be those about whom policymakers are most concerned.

### **2.c. Overall credit opportunity**

Finally, TransUnion's analysis measures the degree of credit opportunity enjoyed by those with sub-prime cards in two ways:

- (1) the proportion with relatively high credit limit cards opened within 12 months of the end of the observation period; and,
- (2) the proportion receiving non-sub-prime credit inquiries.

It is noteworthy that 16.4% of the consumers had opened a new card with a credit limit of over \$1000 and about half received non-sub-prime credit inquiries. And, as one would expect, the figures were higher for those that experienced score increases (24% and 58% respectively). While these are clear signs of credit access and opportunity, it would be useful to benchmark these results in future analysis against non-sub-prime card holders.

### 3. Conclusion

First, it should be noted that the analysis described here may underreport the actual benefits (score rises and access to credit) accruing since the analysis excluded those accruing to consumers with no credit files prior to opening their sub-prime card (“no-hits”). As the analysis has shown, it may be these consumers that most benefit from the sub-prime cards. And related to that, the figures on those with score increases does not include the 3 percent of consumers that had files in December 2005 but became scoreable only after that (likely due to the sub-prime card). Second, more analysis should be conducted on those that witness score declines, which this analysis did not focus on. Though, these consumers *may* be of less concern as they seem to be the relatively higher score consumers in the sample.

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# TransUnion summary of results for CEAC Coalition

## SUPPORTING ANALYSIS

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**July, 2008**

# Table of contents



- Overview of scores, attributes, and data provided in the analysis
- Summary of results
- Consumers with positive score migration
- Attribute migration
- Attributes indicative of increased access to traditional forms of credit

## TransUnion provided scores, credit attributes, and archive data for analysis



- 380,246 input consumer records from four national sub prime bankcard lenders for consumers that opened a sub prime credit card in 1/06
- All records matched to 12/05 observation and 1/08 performance archive databases
- VantageScore & 300+ off the shelf attributes, and several custom attributes appended to each record
- Matching to archive databases resulted in 365,000 records for analysis

Data analyzed: 365,000 consumers, observation December 2005 and performance January 2008. 127,000 consumers had a VantageScore increase.



## High level summary of results

### All Input consumers

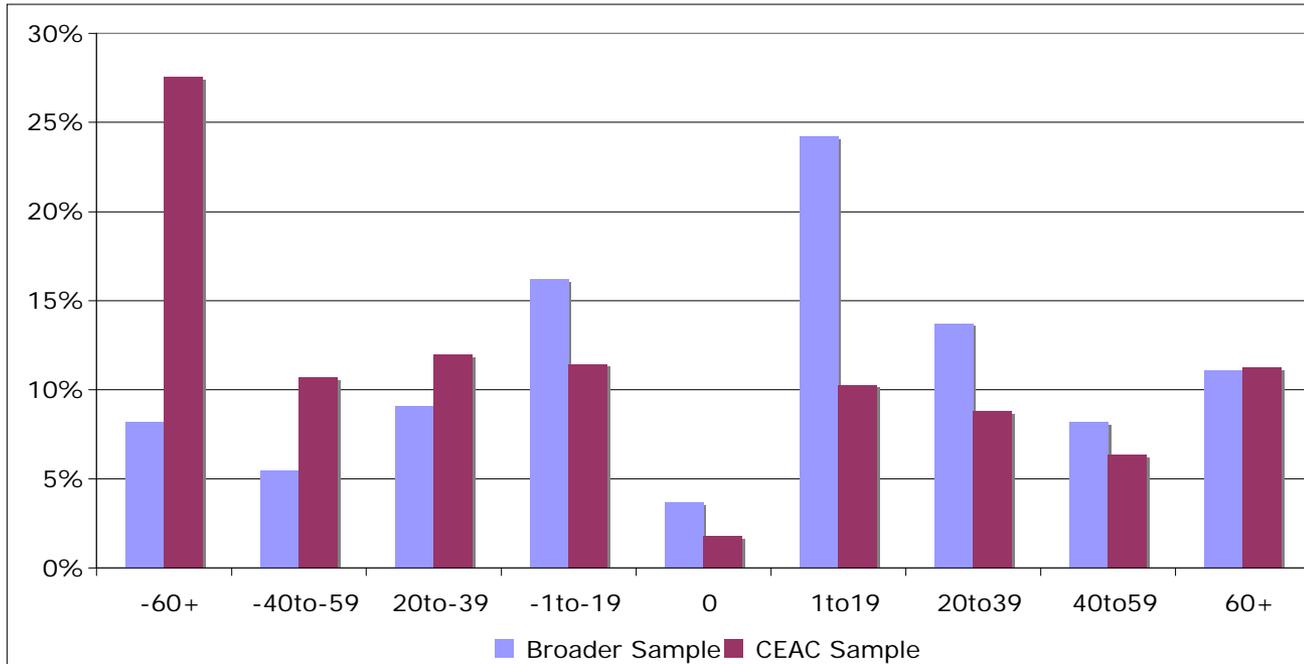
- 10% of all consumers opened a new bankcard in the last 12 months with a high credit/credit limit of \$1,000-\$2,499
- 9% of all consumers opened a new bankcard in the last 12 months with a high credit/credit limit of \$2,500+
- 16% of all consumers opened a new bankcard in the last 12 months with a high credit/credit limit of \$1,000+
- 50% of all consumers received a promotional offer of credit from a non-subprime lender in the last 12 months
- 11,258 consumers unscorable in December 2005 received a valid VantageScore as of January 2008

### Input Consumers with a VantageScore increase

- 37% of input consumers experienced an increase in their VantageScore
- 17% of input consumers experienced an increase in their VantageScore of 40 points or greater
- **Of those with score increases:**
  - 19.9% of consumers with a sub-prime VantageScore in December 2005, increased their score to either near-prime, prime, or super-prime in January 2008
  - 14% of consumers opened a new bankcard in the last 12 months with a high credit/credit limit of \$1,000-\$2,499
  - 14% of consumers opened a new bankcard in the last 12 months with a high credit/credit limit of \$2,500+
  - 24% of consumers opened a new bankcard in the last 12 months with a high credit/credit limit of \$1,000+
  - 58% of consumers received a promotional offer of credit from a non-subprime lender in the last 12 months

**Positive score migration leads to increased access to credit**

# Migration of scores over time

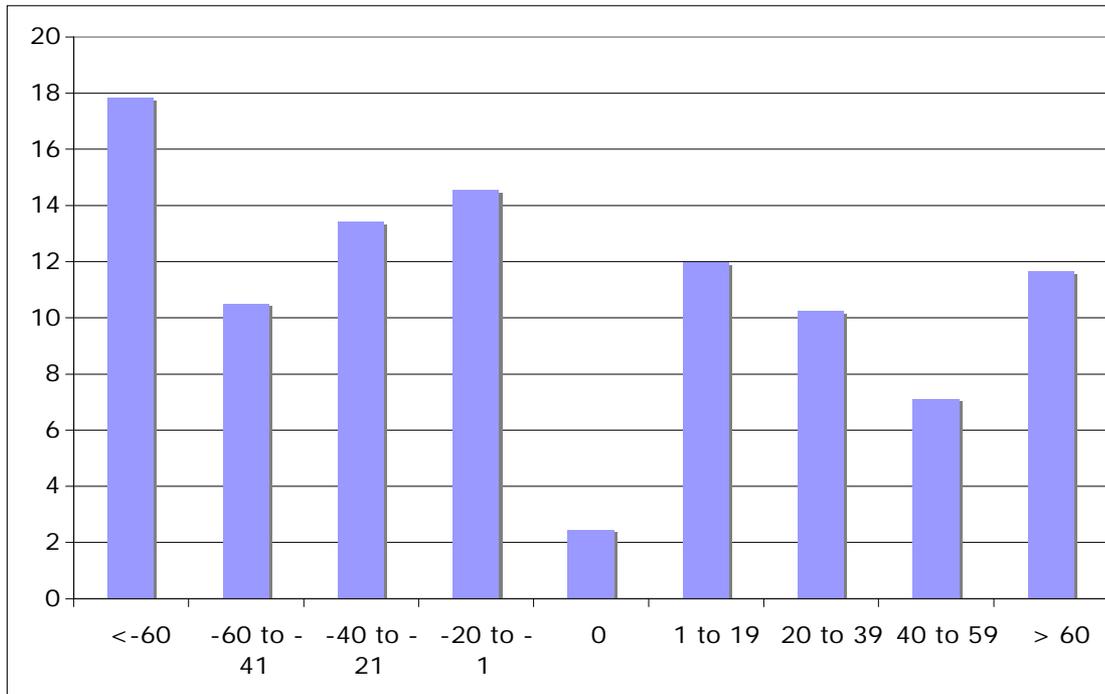


VantageScore predicts the likelihood of a consumer becoming 90+ days delinquent over the next 24 months.

Vantage Score migration from December 2005 to January 2008 for Broader Sample  
Vantage Score migration from March 2005 to March 2006 from a CEAC Sample

- 36.6% of input consumers had score increase. 17.2% had increase of 40 or more points.
- Average input consumers exhibit less score stability, lower scores, and more downward score movement than average consumers from broader industry sample.
- 52% of input consumers had one or more 90+ day delinquencies in January 2008

## Migration of scores over time for those with no credit usage in December 2005

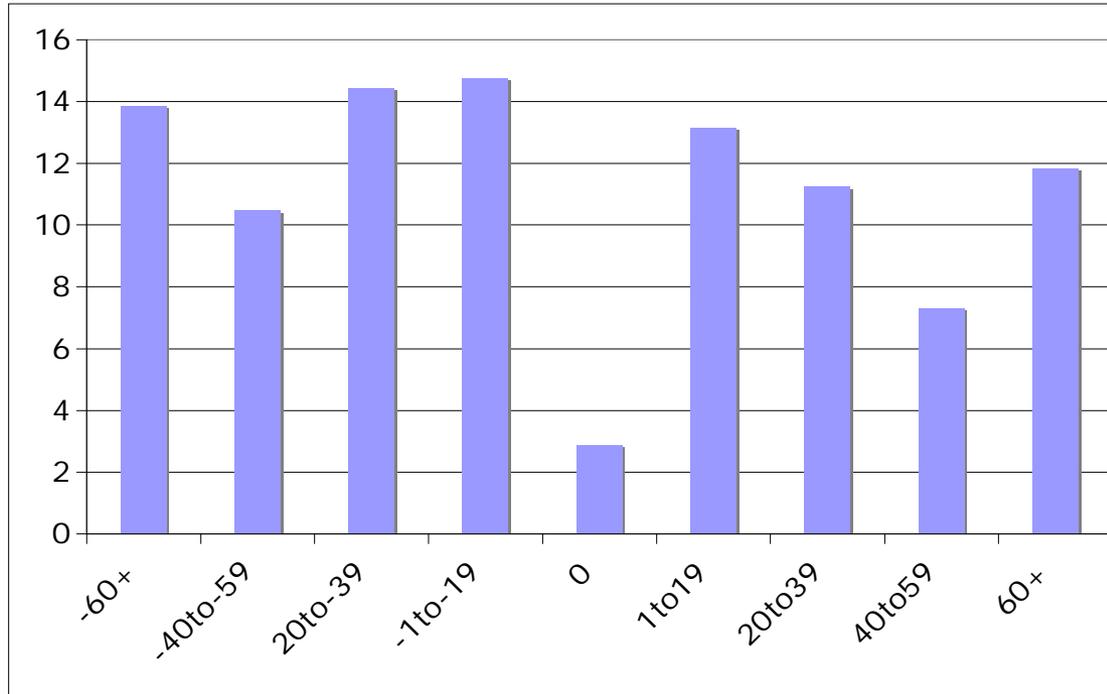


- 41% of consumers had an increase in their VantageScore.
- 19% had an increase of 40 or more points.

**Vantage Score migration from December 2005 to January 2008**

59,308 of the input consumers had no credit balance in December 2005 and were scoreable in both periods. 59% of these consumers had a positive credit balance by January 2008.

## Migration of scores over time for those with no open trades in December 2005



- 44% of consumers had an increase in their VantageScore.
- 19% had an increase of 40 or more points.

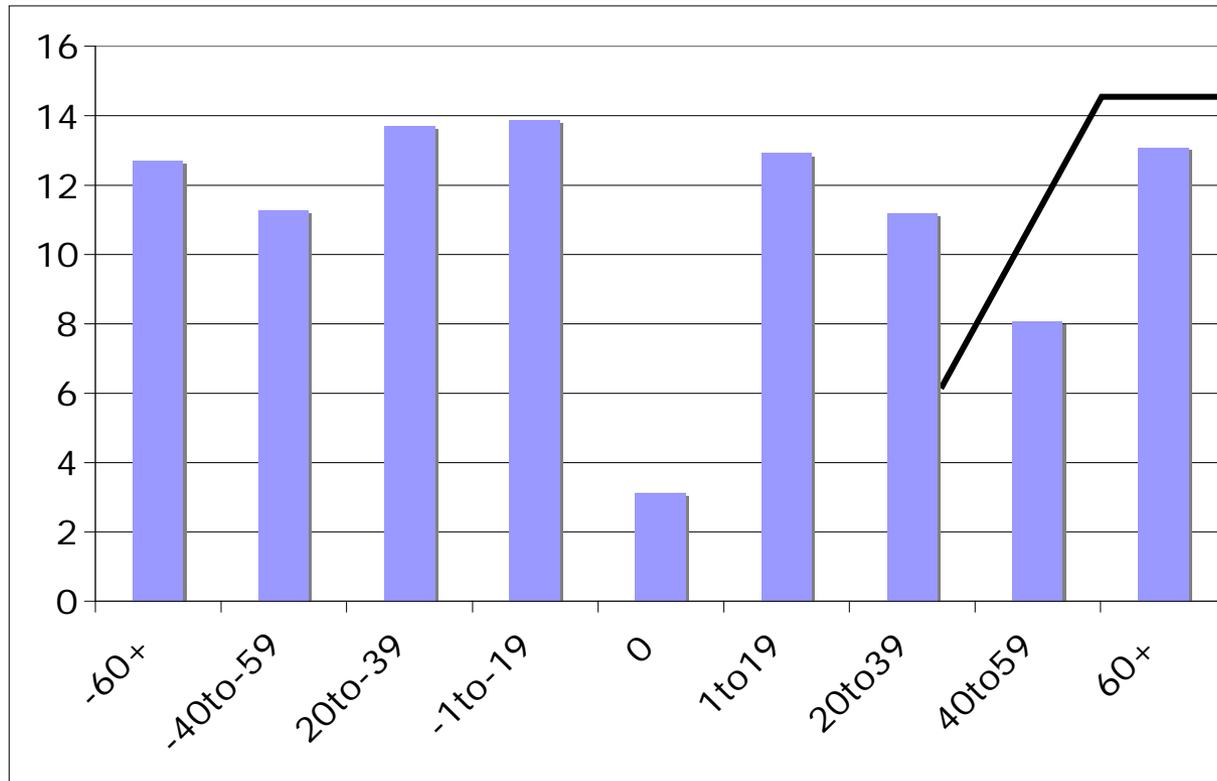
Vantage Score migration from December 2005 to January 2008

36,103 of the input consumers had no open trades in December 2005.

# Migration of scores over time for those with scores below 600 (the median for input consumers) in December 2005



TransUnion.

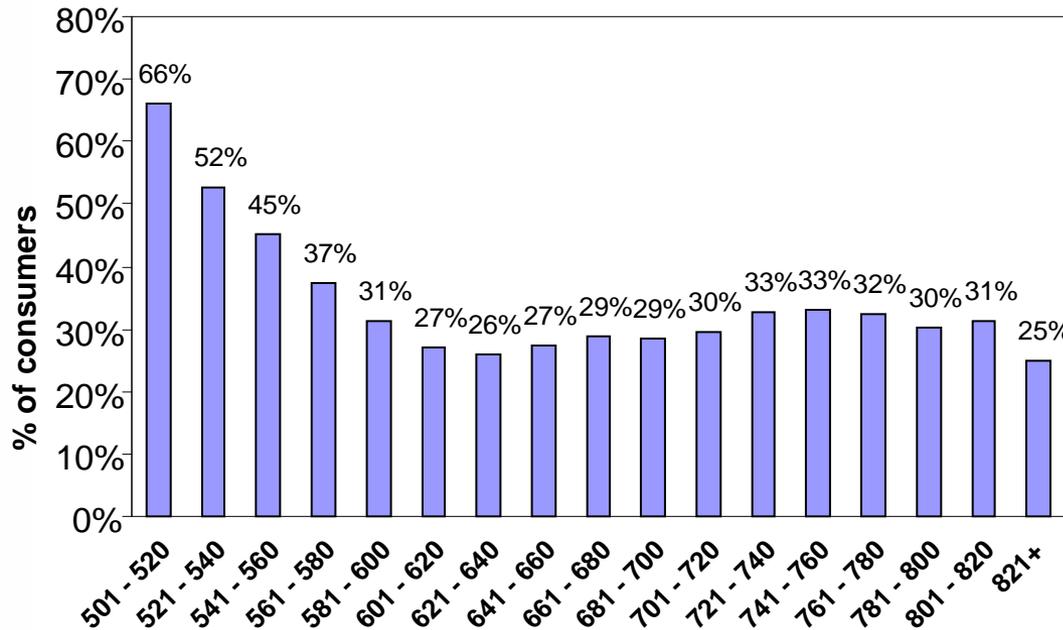


Vantage Score migration from December 2005 to January 2008

- 45% of consumers had an increase in their VantageScore.
- 21% had an increase of 40 or more points.

168, 957 consumers had a VantageScore below 600 in December 2005.

# Positive score migration is occurring across the entire spectrum



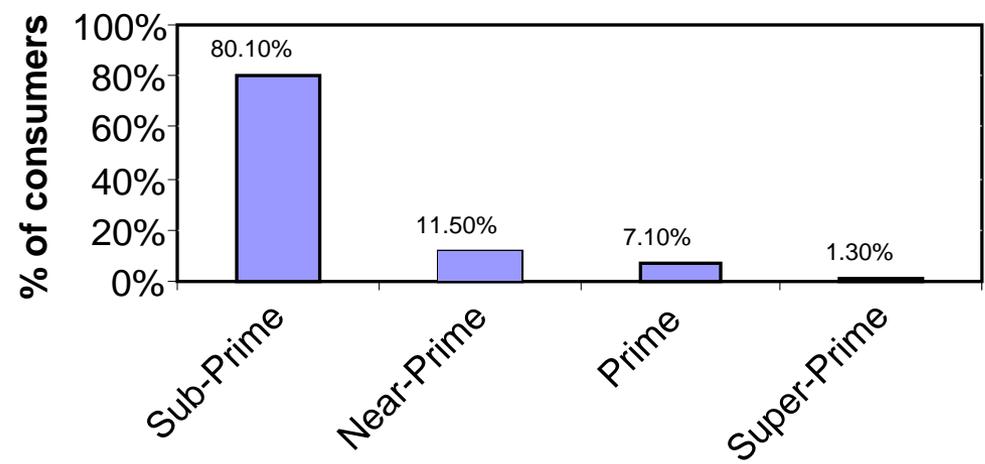
**VantageScore increase  
from December 2005 to January 2008**

- **66% of consumers in score band 501-520 had positive score migration.**

- **Each score band saw positive migration of at least 25%**

Significant migration in the lower score bands but notable migration is also occurring in the higher score bands

# For those with score increases, positive migration of scores from sub-prime risk to near-prime, prime, and super-prime leads to increased access to credit

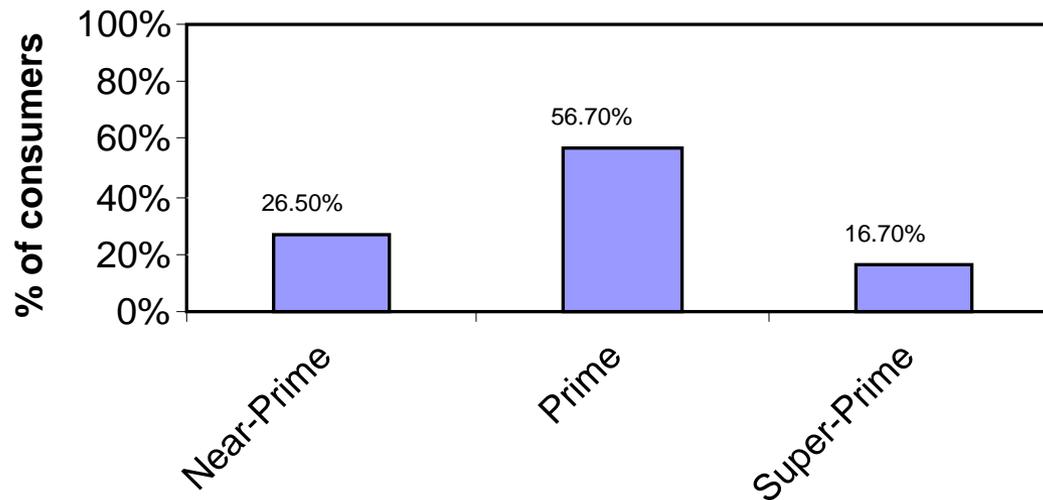


Vantage Score migration from December 2005 to January 2008

• 19.9% of consumers with a score rise and a sub-prime score as of December 2005 increased their score to a non sub-prime risk score as of January 2008.

22,171 input consumers had a sub-prime VantageScore in December 2005 and either a near-prime, prime, or super-prime VantageScore in January 2008

## For those with score increases, positive migration of scores from near-prime risk to prime and super-prime leads to increased access to credit

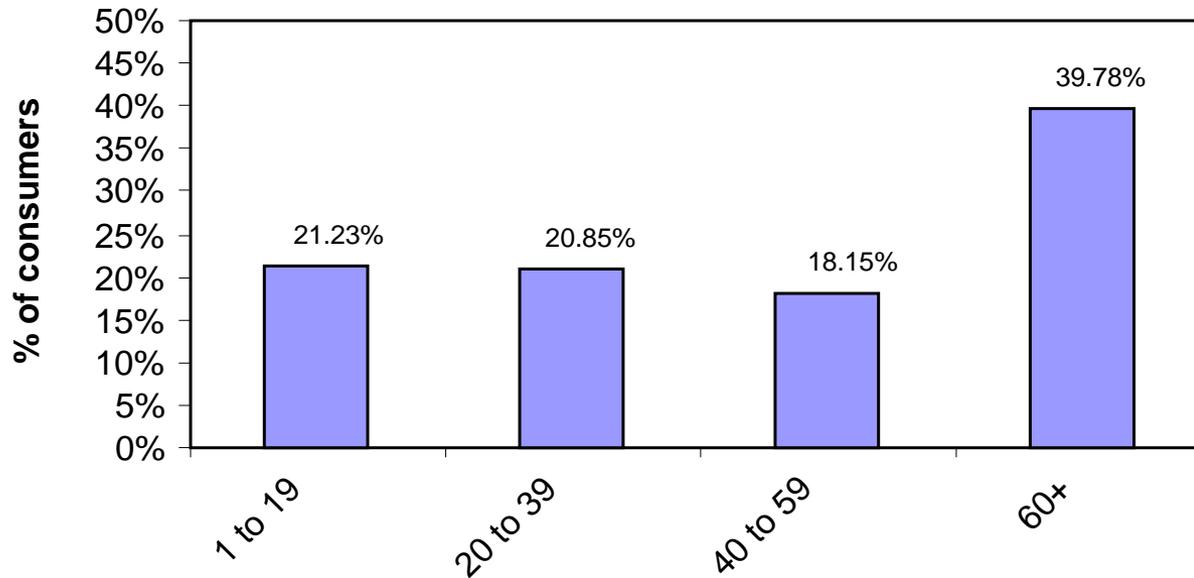


Vantage Score migration from December 2005 to January 2008

**73.4% of consumers with a score rise and a near-prime score as of December 2005 increased their score to prime or super-prime as of January 2008**

6,344 input consumers had a near-prime VantageScore in December 2005 and either a prime or super-prime VantageScore in January 2008

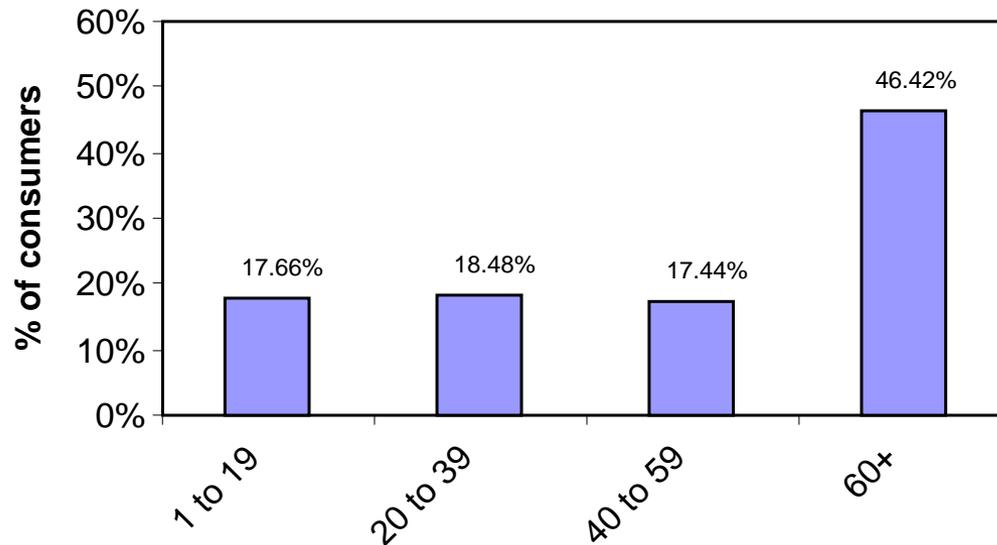
# Positive migration of scores over time leads to increased access to credit



**Vantage Score migration from December 2005 to January 2008**  
**-For those (1) with score increases, (2) who received non-sub-prime inquiries, and (3) opened a new bankcard with a credit limit of \$1,000-\$2,499**

16,447 or 4.5% of all input consumers had a VantageScore increase and received promotional inquiries for credit, and opened at least one new bankcard with a credit limit of \$1,000-\$2,499.

# Positive migration of scores over time leads to increased access to credit



## Vantage Score migration from December 2005 to January 2008

- For those (1) with score increases, (2) who received non-sub-prime inquiries, and (3) opened a new bankcard with a credit limit of \$2,500+

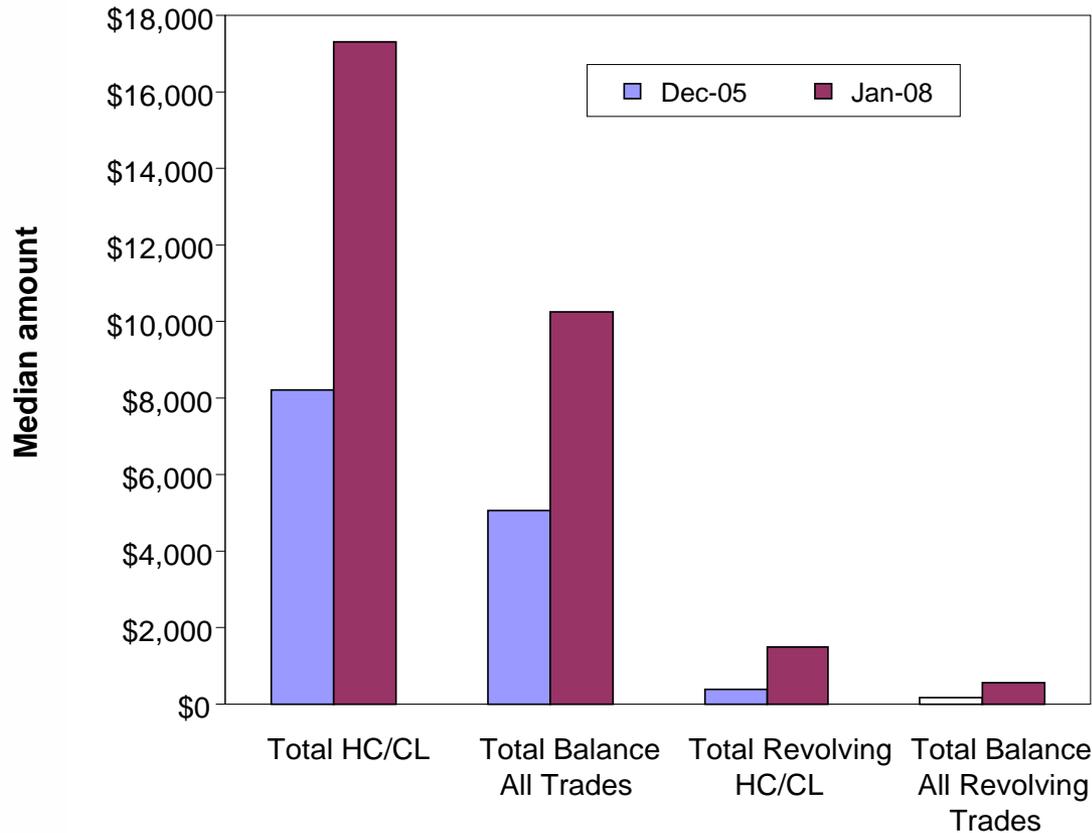
16,982 or 4.6% of all input consumers had a VantageScore increase and received promotional inquiries for credit, and opened at least one new bankcard with a credit limit of \$2,500+

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**Increases in attribute values can be indicative of improvement in credit behavior**

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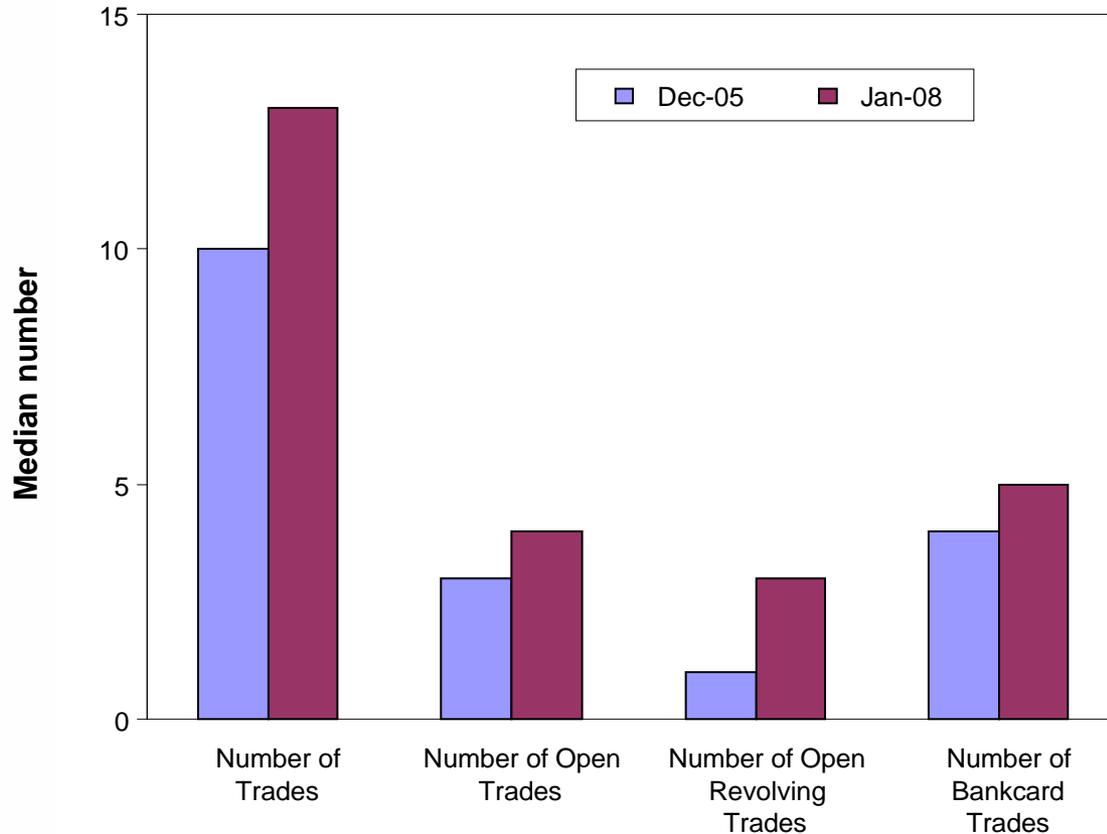
# For those with score increases, important credit attribute values are increasing



- Similar results observed for other credit products
- Results based on consumers with a VantageScore increase from December 2005 to January 2008

Significant increase in median values of high credit/credit limit and balance attributes over a two year period

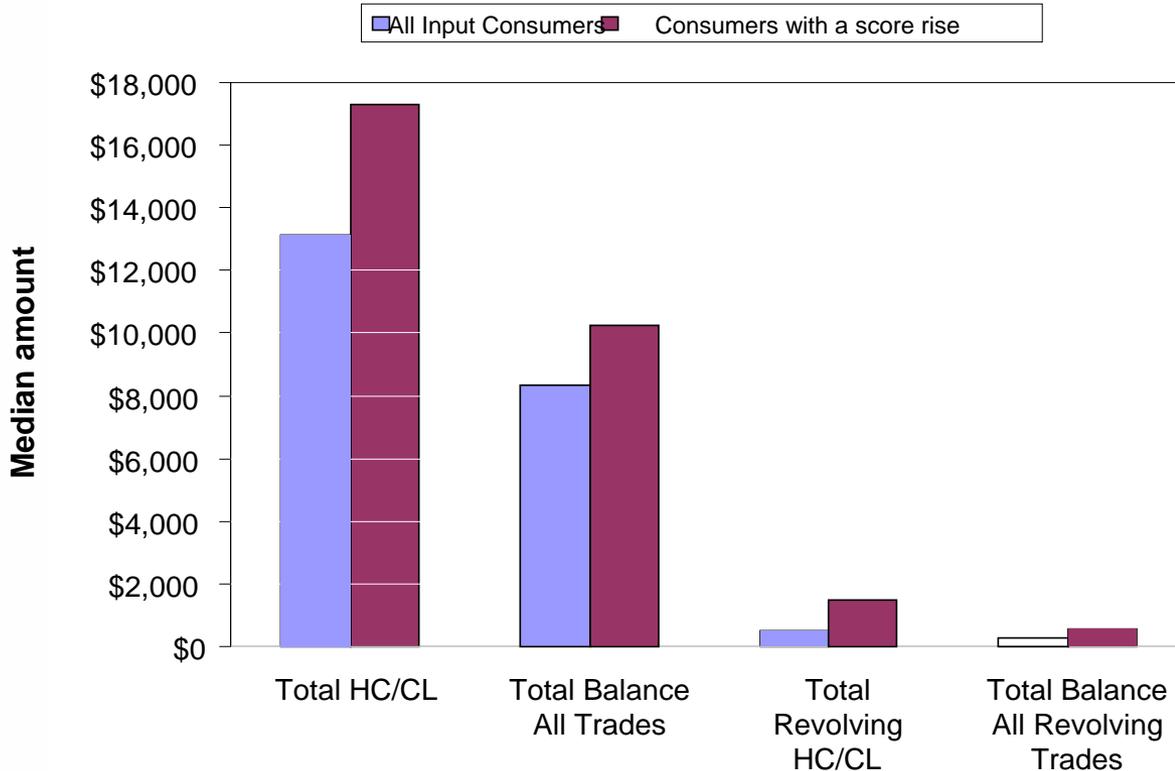
# For those with score increases, important credit attribute values are increasing



- Similar results observed for other credit products
- Results based on consumers with a VantageScore increase from December 2005 to January 2008

Significant increase in median values of number of trade lines attributes over a two year period

# Increasing credit scores can lead to more access to credit and higher credit activity

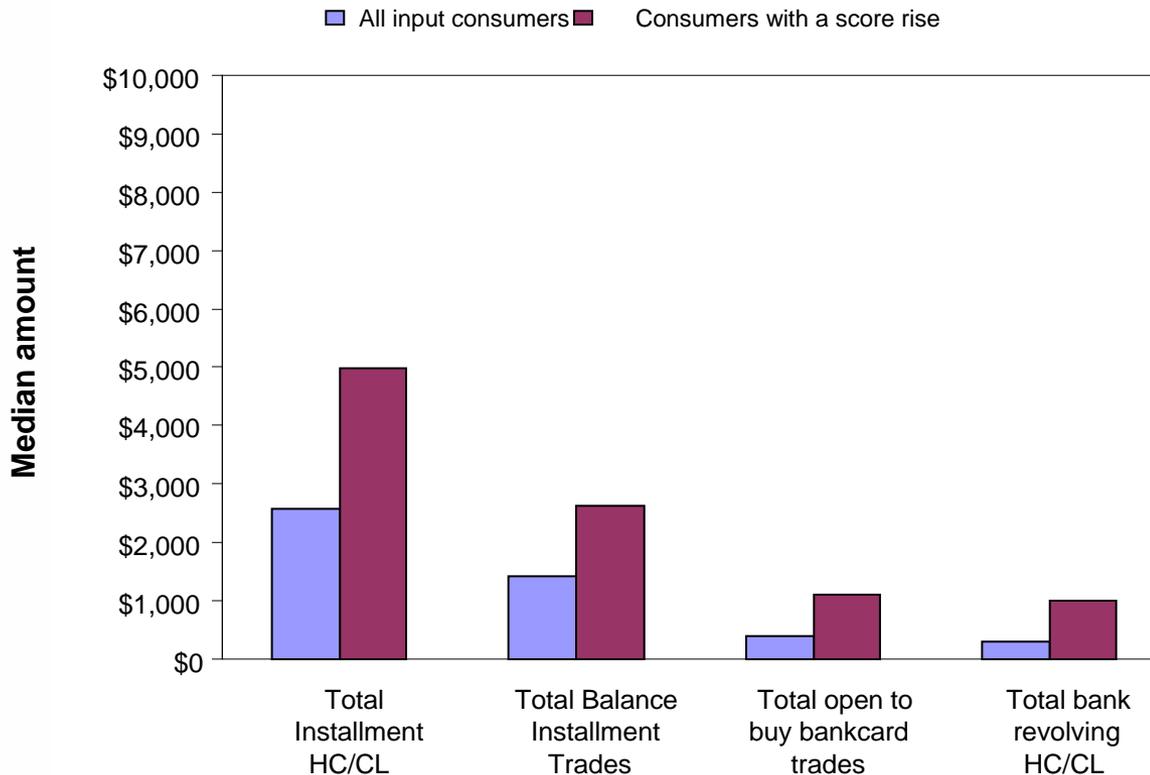


- Similar results observed for other credit products
- Comparison of results for consumers with a VantageScore increase to all input consumers from January 2008 data

## Key attribute segments

Consumers who improved their VantageScore had higher high credit/credit limits and higher balances than the overall population

# Increasing credit scores can lead to more access to credit and higher credit activity

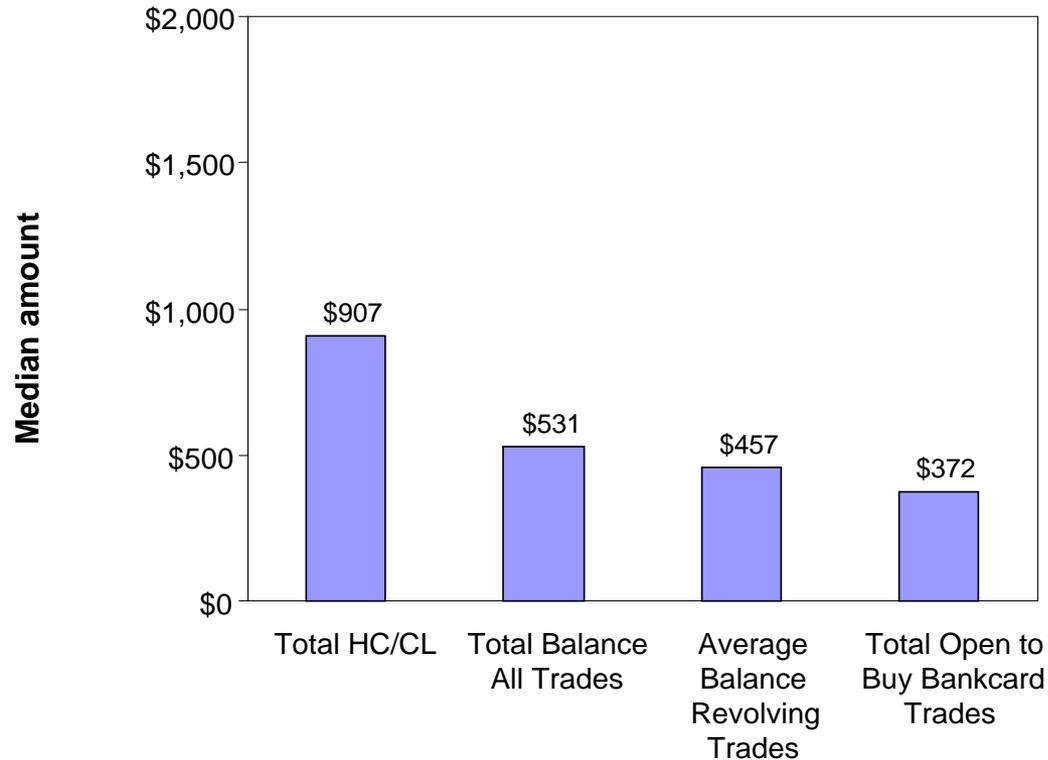


- Similar results observed for other credit products
- Comparison of results for consumers with a VantageScore increase to all input consumers from January 2008 data

## Key attribute segments

Consumers who improved their VantageScore had higher high credit/credit limits and higher balances than the overall population

# Consumers booked without a valid score in December 2005 due to insufficient credit, are scoreable two years later



- Results for consumers unscorable in December 2005 based on their credit profile in January 2008. VantageScore scored 88% of this previously unscored population as of January 2008.

Access to credit and balance build occurring for this population. Median VantageScore in January 2008 is 547, which is considered sub-prime risk

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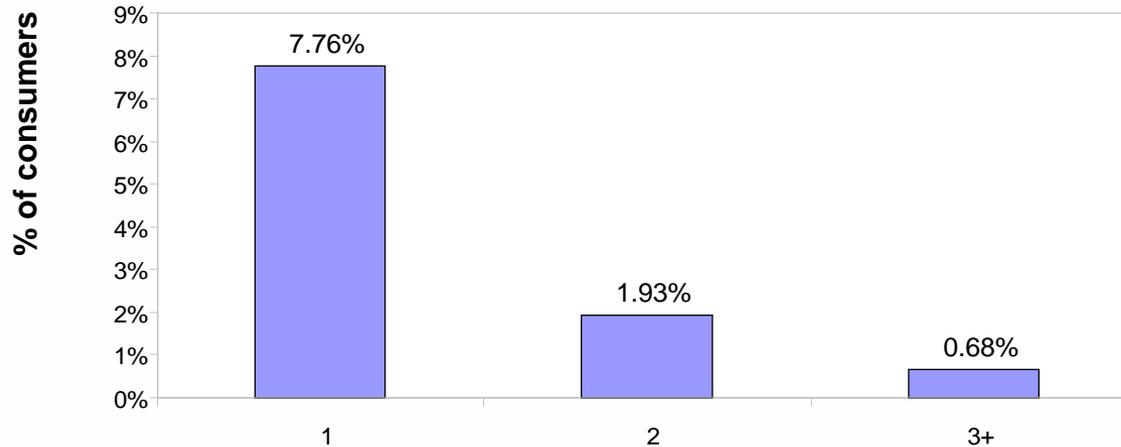
**New account openings and promotional offers of credit are indicative of access to traditional forms of credit**

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# Attributes provided indicate consumers access to traditional forms of credit has increased



## All input consumers



### Number of non-subprime bankcards opened w/in last 12 months with a credit limit of \$1,000-\$2,499

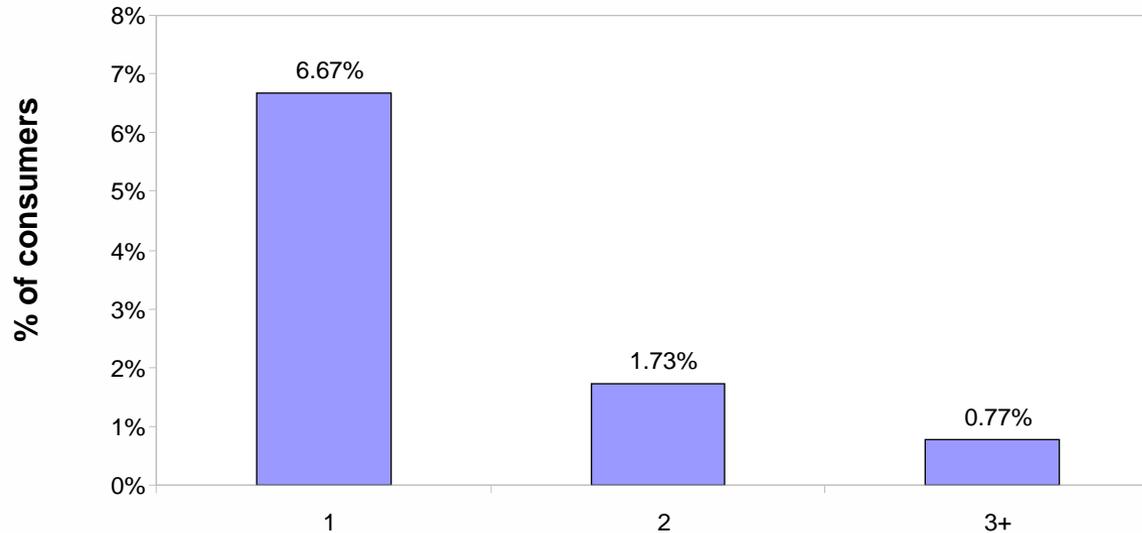
- Number of new bankcard trades is indicative of consumers access to traditional forms of credit at possibly more favorable terms
- 7.8% of consumers opened 1 new bankcard and 2.6% opened 2 or more new bankcards with a credit limit of \$1,000-\$2,499

10.4% of consumers opened at least 1 new non-subprime bankcard in the last 12 months (prior to January 2008) with a credit limit of \$1,000-\$2,499

# Attributes provided indicate consumers access to traditional forms of credit has increased



All input consumers



- Number of new bankcard trades is indicative of consumers access to traditional forms of credit at possibly more favorable terms
- 6.7% of consumers opened 1 new bankcard and 2.5% opened 2 or more new bankcards with a credit limit of \$2,500+

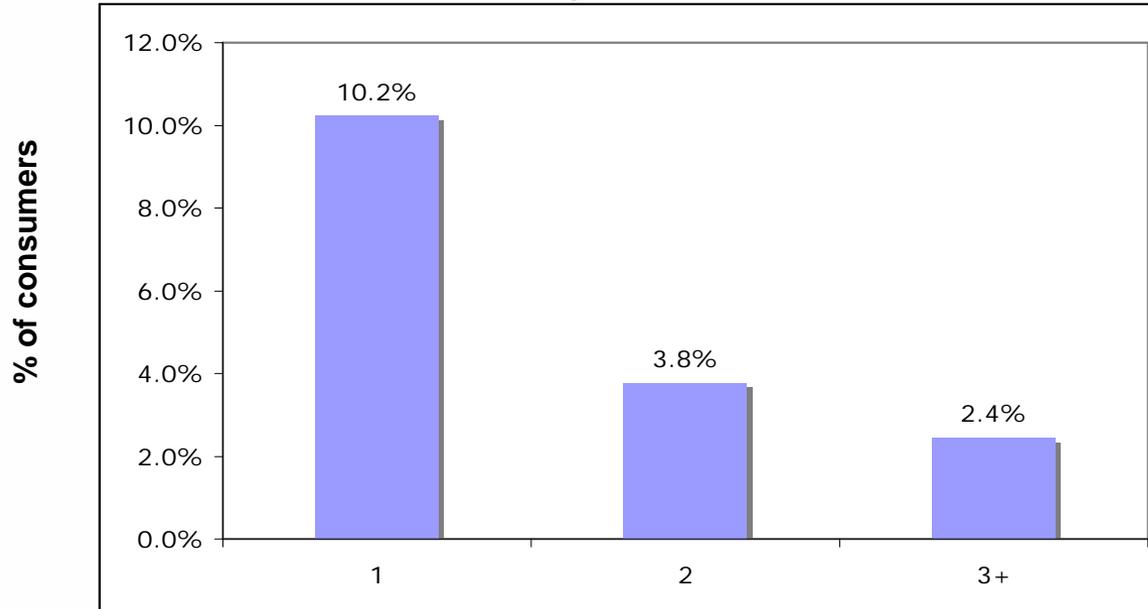
**Number of non-subprime bankcards opened w/in last 12 months with a credit limit of \$2,500+**

9.2% of consumers opened at least 1 new non-subprime bankcard in the last 12 months (prior to January 2008) with a credit limit of \$2,500+

# Attributes provided indicate consumers access to traditional forms of credit has increased



All input consumers



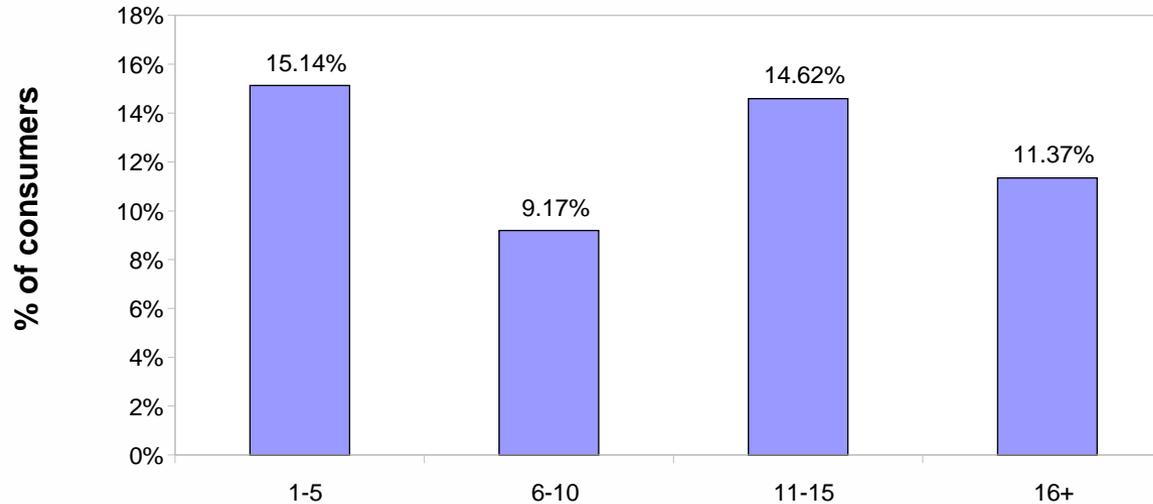
Number of non-subprime bankcards opened w/in last 12 months with a credit limit of \$1,000+

16.4% of consumers opened at least 1 new non-subprime bankcard in the last 12 months (prior to January 2008) with a credit limit of \$1,000+

# Attributes provided indicate consumers access to traditional forms of credit has increased



All input consumers



- Number of non-subprime promotional inquiries is indicative of consumers access to traditional forms of credit at possibly more favorable terms
- 24% of consumers received 1-10 promotional inquiries and 26% received 11 or more promotional inquiries for credit from non-subprime credit issuers in the last 12 months

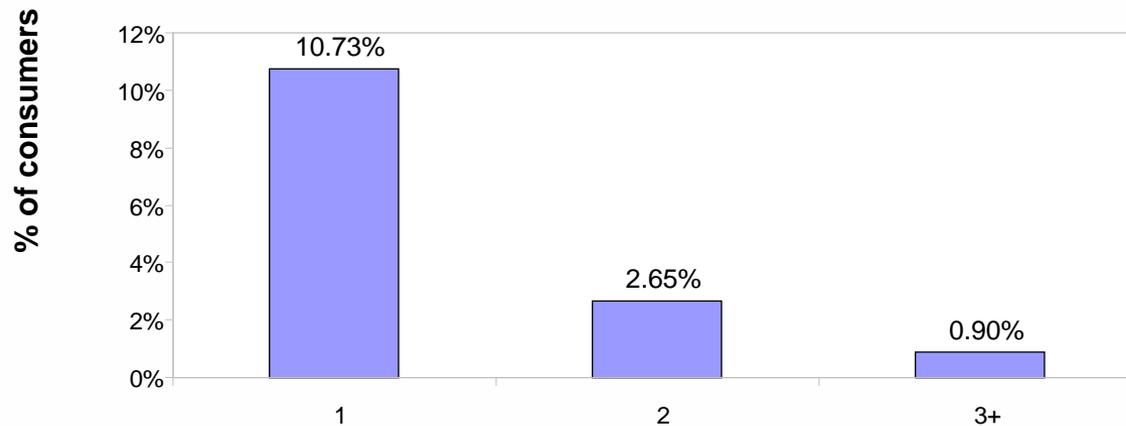
Number of non-subprime promotional inquiries w/in last 12 months

50.3% of consumers received at least 1 non-subprime promotional offer of credit in the last 12 months (prior to January 2008)

# Attributes provided indicate consumers access to traditional forms of credit has increased



## Input consumers with a VantageScore increase



- Number of new bankcard trades is indicative of consumers access to traditional forms of credit at possibly more favorable terms
- 10.7% of consumers opened 1 new bankcard and 3.6% opened 2 or more new bankcards with a credit limit of \$1,000-\$2,499

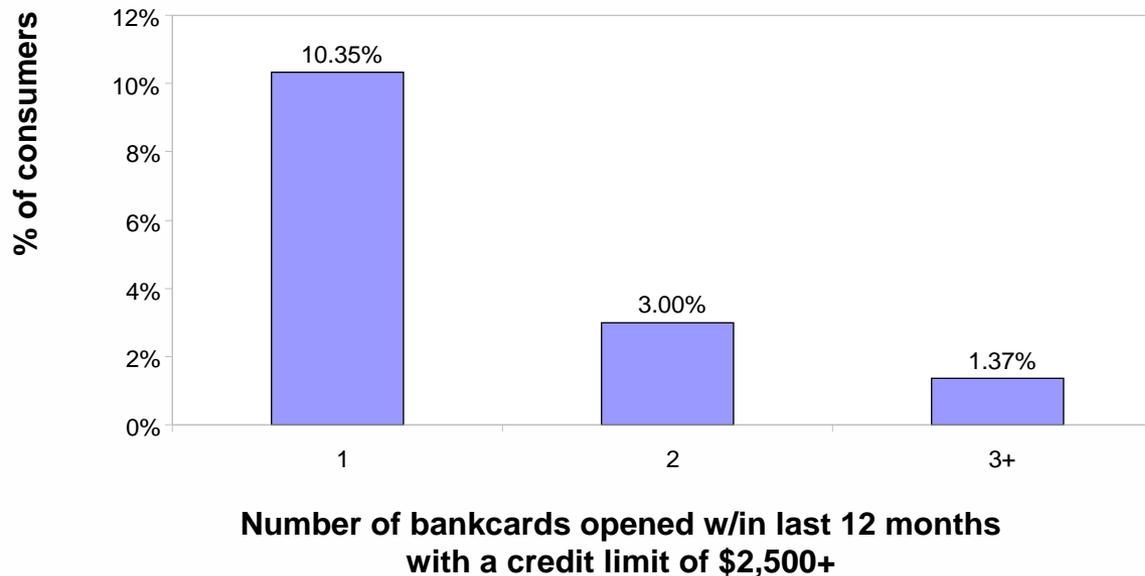
## Number of non-subprime bankcards opened w/in last 12 months with a credit limit of \$1,000-\$2,499

14.3% of consumers with a VantageScore increase opened at least 1 new non-subprime bankcard in the last 12 months (prior to January 2008) with a credit limit of \$1,000-\$2,499

# Attributes provided indicate consumers access to traditional forms of credit has increased



## Input consumers with a VantageScore increase



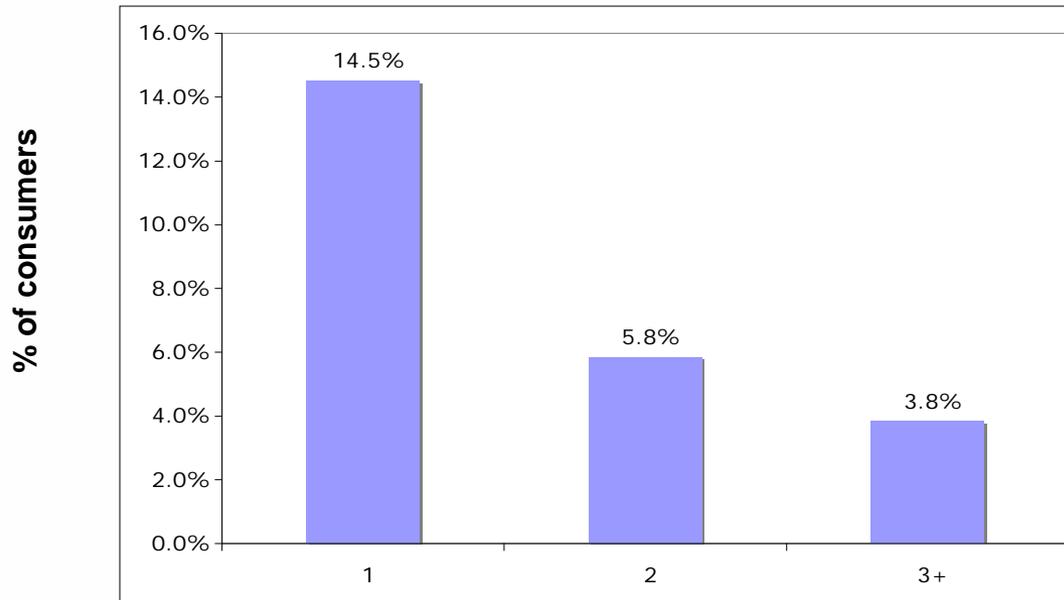
- Number of new bankcard trades is indicative of consumers access to traditional forms of credit at possibly more favorable terms
- 10.3% of consumers opened 1 new bankcard and 4.4% opened 2 or more new bankcards with a credit limit of \$2,500+

14.7% of consumers with a VantageScore increase opened at least 1 new non-subprime bankcard in the last 12 months (prior to January 2008) with a credit limit of \$2,500+

# Attributes provided indicate consumers access to traditional forms of credit has increased



Input consumers with a VantageScore increase



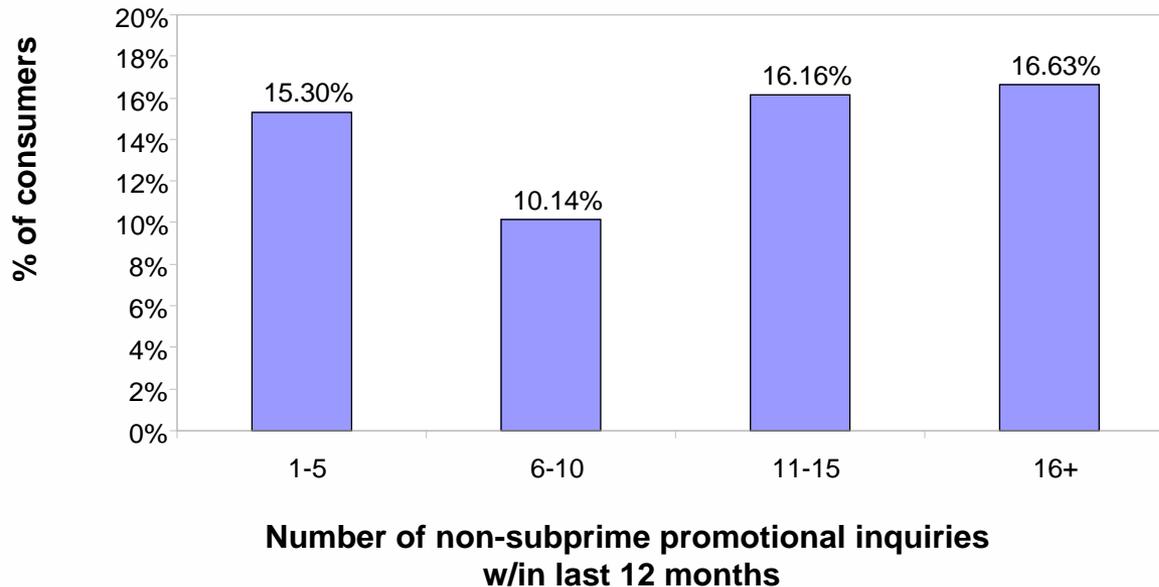
Number of non-subprime bankcards opened w/in last 12 months with a credit limit of \$1,000+

24.2% of consumers with a VantageScore increase opened at least 1 new non-subprime bankcard in the last 12 months (prior to January 2008) with a credit limit of \$1,000+

# Attributes provided indicate consumers access to traditional forms of credit has increased



## Input consumers with a VantageScore increase



- Number of non-subprime promotional inquiries is indicative of consumers access to traditional forms of credit at possibly more favorable terms
- 25% of consumers received 1-10 promotional inquiries and 33% received 11 or more promotional inquiries for credit from non-subprime credit issuers in the last 12 months

58.2% of consumers with a VantageScore increase received at least 1 non-subprime promotional offer of credit in the last 12 months (prior to January 2008)