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The Credit Scoring Market:

A Policy Framework for Promoting Competition and Protecting Consumers

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PROGRESSIVE POLICY INSTITUTE

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EXECUTIVE SUMMARY

Creditworthiness is fundamental to consumers' access to housing, automobile loans, credit cards, and other financial opportunities. Yet many Americans have only a hazy grasp of how consumer credit data is collected, how that data is used to generate credit reports, and how they are used to produce a consumer "credit score," or measure of their creditworthiness. It is not lost on consumers, however, that more competition in the market for credit scoring is likely to give them a better shot at obtaining credit.

Competition in the credit scoring market, and its role in fostering more choice and access to credit, should be a public policy imperative, especially during these troubled economic times. Until recently, the Fair Isaac Corporation (FICO) has dominated the credit scoring market in the U.S. In a commendable effort to inject competition, the Federal Housing Finance Agency (FHFA) — which plays a key role in regulatory oversight of home mortgage lending — recently approved the entry of VantageScore, a competitor to FICO.

Increased competition in credit scoring should benefit consumers. But the entry of VantageScore raises key questions about whether that competition will be fair. Namely, the three major credit reporting agencies (CRAs) — Experian, Equifax, and TransUnion — own VantageScore. This vertical integration means that the CRAs/VantageScore exclusively control the consumer credit data needed by its closest rival, FICO, and any future rivals, to generate credit scores. This positions the CRAs/VantageScore to potentially act on stronger incentives to steer business to VantageScore and away from competitors.

FHFA recognizes the harmful consequences of this scenario in the market for credit scoring. If it comes to pass, lenders and consumers would suffer through higher prices, less choice and variety, and slower innovation in credit scoring. Given the economic importance of the market, regulators, antitrust enforcers, and lawmakers should ask if this risk is acceptable. Introducing competition to challenge the dominance of an incumbent is good public policy. But swapping out a credit scoring market previously controlled by a single firm for one with two major players — one of which controls a critical input needed by competitors — is not a recipe for improved competition.

PPI's analysis takes on this issue. It does a deep dive into the structure of the credit scoring market, the dynamics of competition, and regulatory oversight. The report concludes that preventing the vertical integration between the CRAs/VantageScore from undermining competition and choice in credit scoring is of paramount importance. PPI suggests a proactive competition policy approach that includes both regulatory and antitrust elements.

First, PPI recommends that Congress require FHFA to issue periodic reports on major competition metrics for the credit scoring market moving forward. Second, FHFA should solicit public comment on the development of alternative consumer credit data sources to break the data "bottleneck" controlled by the CRAs/VantageScore. Third, PPI calls for greater Congressional scrutiny of FHFA's process for introducing competing scoring models. This includes FHFA's apparent "slow-rolling" of the introduction of the newest FICO scoring model, FICO 10T. It also includes the agency's proposals to reduce the number of credit reports needed for consumers to obtain financing. Both regulatory initiatives potentially undercut competition and the stability of the housing finance market.

Fourth, it is imperative that the U.S. Department of Justice (DOJ) be alert to potential anticompetitive conduct designed to frustrate access to credit reporting data. If warranted by evidence of consumer harm, antitrust remedies would include spinning off VantageScore from the CRAs. This could also be accomplished through Congressional action. Finally, the Federal Trade Commission (FTC) should initiate a study to establish a "baseline" for competition in credit scoring and to anticipate potential problems with the ongoing evolution of the market. This can be done under the FTC's Section 6(b) authority.

I. CHANGES IN THE MARKET FOR CREDIT SCORING

Creditworthiness is a major determinant of consumers' access to financial resources and the opportunities it creates. This includes renting or buying a house, securing an automobile as an independent means of transportation, obtaining loans for education, and the flexibility to manage spending using a credit card versus paying cash. By monitoring credit, consumers track their spending, build financial stability, and prepare for major financial decisions. The impact of creditworthiness on the average American is enormous. For example, housing accounts for 33% of average annual consumer expenditures in the U.S.[1] Creditworthiness is a major determinant of consumers' access to housing and the benefits that flow from it.

The broader credit scoring "ecosystem" embraces the connected markets that produce the consumer credit data, statistical models, credit scores, and distribution channels to lenders and consumers that facilitate access to credit. The market for credit scoring has historically lacked competition, a feature complicated by government oversight and lengthy regulatory processes for approving new credit scoring models, especially for housing lending. Recent regulatory developments, however, aim to introduce more competition in credit scoring.

For example, FHFA recently approved VantageScore Solutions' VantageScore 4.0 model for use by Government-Sponsored Enterprises (GSEs), Fannie Mae and Freddie Mac, for mortgage lending.[2] There are now two major rivals in credit scoring: FICO, the market incumbent, and VantageScore. The latter is a joint venture of the three CRAs — Experian, TransUnion, and Equifax.[3] FHFA's competition "rollout" has been fraught, to say the least. VantageScore's multi-year entry into the credit scoring market has been protracted, driven by regulatory risk aversion to new credit scoring systems that could inject uncertainty in mortgage lending, especially in the wake of the 2008 financial crisis.[4]

FHFA has also reversed policy on key competition issues and pursued a seemingly irregular process of approving new models. This includes what appears to be slow-rolling regulatory approval of the new FICO 10T scoring model while acting more swiftly to approve VantageScore 4.0. Even so, FICO and VantageScore are poised to go toe-to-toe to serve burgeoning demand for credit scoring. This is happening at a time of rapid digitalization in the financial sector, the use of AI and machine learning in credit

[1] "Economic News Release: Consumer Expenditures—2024 (USDL-25-1586)," U.S. Bureau of Labor Statistics, Dec. 19, 2025, https://www.bls.gov/news.release/cesan.nr0.htm.
[2] Namrata Sen, "FICO Stock Falls Pre-Market After Bill Pulte Declares 'No More' to FICO's Mortgage Scoring Monopoly — Orders Fannie Mae, Freddie Mac to Open Door to VantageScore (Updated)," *Yahoo Finance*, Sep. 7, 2026, https://finance.yahoo.com/real-estate/articles/fico-stock-falls-pre-market-163005697.html.
[3] Czarinna Andres, "FHFA Opens VantageScore to All GSE Lenders, Eyes Credit Report Overhaul," National Mortgage Professional, Sep. 08, 2026, https://nationalmortgageprofessional.com/news/fhfa-opens-vantagescore-all-gse-lenders-eyes-credit-report-overhaul.
[4] "Credit Scores," Federal Housing Finance Agency, Apr. 22, 2026, https://www.fhfa.gov/policy/credit-scores.

scoring models, and a heightened priority on fairness in lending and reaching underserved consumers.

Despite these developments, the changed structure of the credit scoring market raises questions about whether regulatory decisions simply swap one noncompetitive market for another.[5] Namely, FICO was the sole provider of credit scores for almost 30 years. But the CRAs own and control VantageScore, which exclusively collects and reports the consumer credit data needed by FICO, and any future market entrants, to generate credit scores. Vertical integration of the CRAs and VantageScore means that the firm has both the ability and potential incentive to limit competition in credit scoring through strategic control of a critical input — the data contained in credit reports that are produced by the CRAs. As VantageScore continues to grow in size, this incentive may strengthen.

If the CRAs/VantageScore were to act on anticompetitive incentives to stifle competition, lenders and consumers could see higher prices, less choice and variety, and slower innovation in the credit scoring market. This PPI white paper unpacks the change in the competitive landscape of the credit scoring market. The analysis reinforces the idea that competition and consumer benefits are not guaranteed. As such, policies for closely monitoring the competitive process in the credit scoring market are essential, especially at a time when Americans are struggling with a cost-of-living crisis.

II. UNPACKING THE CREDIT SCORING ECOSYSTEM

A credit score is a metric that lenders use to determine the risk that a borrower will default on a loan or commitment — otherwise known as "credit risk."[6] The higher the score, the lower the risk, and the lower the score, the higher the risk. A credit score also plays a role in what interest rate and credit card limit a consumer may be approved for. A credit score is required for virtually every major consumer transaction that involves an ongoing financial commitment. This includes applying for a mortgage, financing a car, obtaining approval for rental housing, and setting up utilities. There are numerous types of credit scores, with specialized scoring systems used for auto lending, mortgage lending, credit card applications, and for small business development.[7]

Credit scores are developed from information in consumer credit reports compiled by the CRAs. The reports are based on data collected from banks, automobile lenders, mortgage companies, collection agencies, and public data (e.g., bankruptcy proceedings). The data cover a variety of metrics, including payment history, length of

[5] See, e.g., Paul Weinstein, "What's Going on With the Credit Scoring Rules?" Progressive Policy Institute, Feb. 19, 2026, https://www.progressivepolicy.org/whats-going-on-with-credit-scoring-rules/; and Paul Weinstein, No company should have a monopoly on credit scoring, The Hill, Dec. 7, 2017, https://thehill.com/opinion/finance/363755-no-company-should-have-a-monopoly-on-credit-scoring/.
[6] "Supervisory Policy and Guidance Topics, Credit Risk Management," Federal Reserve, Aug. 13, 2026 (updated), https://www.federalreserve.gov/supervisionreg/topics/credit_risk.htm
[7] "Small Business Credit Scores," FICO, https://www.fico.com/en/solutions/small-business-credit-scores.

credit history, credit mix, hard inquiries, and recent trends in credit usage.[8] The three CRAs follow the same reporting regulations but collect different data and produce somewhat different reports.[9] Scores can differ based on variation in the type and weight given to the data.

FICO and VantageScore are data analytics companies that generate credit scores by statistically modeling credit risk. FICO is a standalone company, operating independently from other markets in the credit scoring ecosystem. As noted, VantageScore is a joint venture of the three CRAs. Because the CRAs have economic control over VantageScore, decision-making will be aligned with the company's economic interests and incentives. This includes engaging in potentially strategic conduct to frustrate current and future competitors' access to CRA credit report data.

There are two major distribution channels for credit scores. One is business-to-consumer (B2C), where consumers access scores through a subscription to a CRA, a bank or credit card company, or a fintech platform.[10] A second distribution channel is business-to-business (B2B), where banks, automobile lenders, and mortgage companies purchase access to scores directly through FICO or VantageScore, the CRAs, or loan origination platforms.[11] The value of the U.S. credit scoring market is expected to top $26 billion in 2026 and grow to $41 billion in 2030 — a compound annual growth rate of about 12%.[12]

Rapid growth in the credit scoring market is driven by a number of factors. One is the surge in demand for consumer and small- and medium-sized business enterprise (SME) lending activity. Another factor is increasing demand for fast, automated credit assessments that allow lenders and merchants to quickly approve purchases and reduce financial risk.[13] Digitalization has fostered growth in AI- and machine learning-based credit platforms and real-time risk assessment.[14] Yet another factor is more emphasis on fair lending practices and reaching underserved segments of the population. These developments have spurred the emergence of more credit scoring models, differentiated models and scores, and broader distribution.

[8] "What is a Credit Report?" Consumer Protection Financial Bureau, Jan. 9, 2024, https://www.consumerfinance.gov/ask-cfpb/what-is-a-credit-report-en-309/; and "How Do Credit Bureaus Get My Credit Data?" Equifax, https://www.equifax.com/personal/education/loans/articles/-/learn/how-credit-bureaus-get-credit-data/.
[9] "How Are the Different Credit Bureaus Used?" Chase, https://www.chase.com/personal/credit-cards/education/credit-score/credit-bureau-differences.
[10] "What is a Credit Monitoring Service?" Consumer Protection Financial Bureau, Sep. 5, 2025, https://www.consumerfinance.gov/ask-cfpb/what-is-a-credit-monitoring-service-en-1365/.
[11] In re FICO Antitrust Litig. Related Cases, No. 1:20-CV-02114, 2023 U.S. Dist. LEXIS 174653, at *3 (N.D. Ill. Sep. 28, 2023).
[12] "Credit Scoring Market Report 2026," Research and Markets, Jan. 2026, https://www.researchandmarkets.com/reports/6166609/credit-scoring-market-report?srsltid=AfmBOoraMNkFvM6nvyEGXvITI6EAzs3svLtlScfpK1aeTJz5y5NYfrZv.
[13] "Credit Scoring Market Report 2026."
[14] "Credit Scoring Market Report 2026."

Lending markets, especially for housing, are subject to close government oversight. For example, FHFA, the Consumer Financial Protection Board, the Department of Housing and Urban Development, and the Department of Veterans Affairs play a role in setting national rules for mortgage lending and loan origination. Public-private partnerships are also a feature of housing lending markets.

For example, the GSEs, Fannie Mae and Freddie Mac, are shareholder-owned companies that operate under a Congressional charter and, since the financial crisis of 2008, remain in a conservatorship controlled by FHFA.[15] The GSEs provide liquidity, stability, and affordability to the mortgage market by buying mortgages from lenders.[16] The GSEs can hold the mortgages or package them into “mortgage-backed securities” that are then sold.[17]

The GSEs required credit scores for mortgage lenders beginning in 1995. Through the early 2020s, the FICO “Classic” scoring model was the industry standard.[18] In 2006, VantageScore was founded and produced its first credit scoring model, VantageScore 1.0.[19] Over the next 20 years, VantageScore would make a number of improvements and changes to its models and algorithms. The company introduced the most current version, VantageScore 4.0, in 2017.[20]

III. THE ROLE OF FEDERAL OVERSIGHT

Legislative initiatives for spurring more competition in credit scoring began around the same time as the rollout of VantageScore 4.0. In 2017, the Credit Score Competition Act (CSCA) was introduced in the Senate. The bill proposed allowing the GSEs to consider a borrower’s credit score if certain requirements were met with “respect to the validation and approval of third-party credit-scoring models.”[21] The Economic Growth, Regulatory Relief, and Consumer Protection Act of 2018 incorporated the core framework of the CSCA,[22] with rules (i.e., Section 310) codifying the establishment of a

[15] “About Fannie Mae & Freddie Mac,” Federal Housing Finance Agency, accessed September 2026, https://www.fhfa.gov/about-fannie-mae-freddie-mac.
[16] “About Fannie Mae & Freddie Mac.” The loans purchased by the GSEs come with size limitations and minimum credit score requirements.
[17] “About Fannie Mae & Freddie Mac.”
[18] Ricardo Nunez Magana, “Cracking the Tape: What You Need to Know About VantageScore 4.0,” Milliman, Sep. 24, 2024, https://www.milliman.com/en/insight/cracking-the-tape-vantage-score-4.
[19] Elizabeth Gravier, “Here’s everything you need to know about your VantageScore credit score, plus how to check it,” CNBC Select, Sep. 25, 2023 (updated), https://www.cnbc.com/select/what-is-vantagescore/.
[20] Andrew Haughwout et al., “Methodology Update: Switching Credit Score Measures In The Consumer Credit Panel,” https://www.newyorkfed.org/microeconomics/medialibrary/media/research/microeconomics/hhdc/HDC_TechnicalReport_CreditScoreChange.
[21] “Credit Score Competition Act of 2017,” S. 1685, 115th Cong. (2017), https://www.congress.gov/bill/115th-congress/senate-bill/1685.
[22] “Economic Growth, Regulatory Relief, and Consumer Protection Act,” Pub. L. No. 115-174, 132 Stat. 1296 (2018).

formal validation and approval process. The law gave FHFA statutory authority to regulate how new credit score models are approved and implemented by the GSEs.

In late 2018, FHFA issued a proposed rulemaking on the "Validation and Approval of Credit Score Models."[23] In its request for public comment, FHFA raised concerns about common ownership and control of the credit score model developer and consumer credit data. The proposed rulemaking noted that the CRAs "…own the data that both VantageScore, LLC and its competitors use to build their credit score models…"[24] At the time, FHFA was fully aware of the associated risk to competition, noting that vertical integration "could, in theory or practice, permit the CRA to sell credit scores constructed from data (including the scoring algorithm) that the CRA owns more cheaply."[25]

In the proposed rule, FHFA noted the potential for negative impact and risk to consumers "…if pricing of credit scores and consumer credit reports were used to reduce competition and, thereafter, to increase prices."[26] In response, FHFA proposed a prohibition on "common ownership or control of the credit score model developer and the owner of consumer credit data," to be enforced through a model developer's certification of independence (i.e., no conflict-of-interest). The practical implication of the FHFA rule was that the GSEs would be prohibited from using VantageScore.[27]

FHFA, however, reversed course in the final rule issued in mid-2019. The agency reiterated that "…the CRAs lacked an incentive to support new entrants because of their ownership of VantageScore Solutions, LLC…," and that the independence requirement in the proposed rule"….was intended to encourage additional credit score developers to enter the mortgage marketplace…."[28] However, FHFA rationalized the decision to waive any independence requirement by explaining that the agency "…recogniz[ed] that there are many other factors that may affect the potential entrance of new credit scoring companies into the industry."[29]

Since the final rule was issued, FHFA has moved quickly. In 2022, the agency validated the FICO 10T and VantageScore 4.0 models.[30] In 2025, FHFA approved the GSEs use

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[23] "Validation and Approval of Credit Score Models, Proposed Rule," Federal Housing Finance Agency, 83 FR 65575 (Dec. 21, 2018), https://www.federalregister.gov/documents/2018/12/21/2018-27565/validation-and-approval-of-credit-score-models ["FHFA Proposed Rule"].
[24] "FHFA Proposed Rule."
[25] "FHFA Proposed Rule."
[26] "FHFA Proposed Rule."
[27] Ben Lane, "FHFA issues new rule effectively prohibiting Fannie and Freddie from using VantageScore, HousingWire," Dec. 14, 2018, https://www.housingwire.com/articles/47708-fhfa-issues-new-rule-effectively-prohibiting-fannie-and-freddie-from-using-vantagescore/.
[28] "FHFA Proposed Rule."
[29] Validation and Approval of Credit Score Models, Final Rule, Federal Housing Finance Agency, 84 FR 41886 (Aug. 16, 2019), https://www.federalregister.gov/documents/2019/08/16/2019-17633/validation-and-approval-of-credit-score-models ["FHFA Final Rule"].
[30] "FHFA Announces Validation of FICO 10T and VantageScore 4.0 for Use by Fannie Mae and Freddie Mac," Federal Housing Finance Agency, Oct. 24, 2022, https://www.fhfa.gov/news/news-release/fhfa-announces-validation-of-fico-10t-and-vantagescore-4.0-for-use-by-fannie-mae-and-freddie-mac.

of VantageScore 4.0 for mortgage underwriting, alongside FICO Classic.[31] In 2026, FHFA and HUD jointly announced full implementation and immediate acceptance of VantageScore 4.0 across Fannie Mae, Freddie Mac, and FHA loans.[32] As FHFA has moved forward, however, one feature stands out. The agency appears to have prioritized the rollout of VantageScore 4.0 in modernizing and spurring competition in credit scoring.

To be sure, VantageScore released the historical data needed by the GSEs to validate VantageScore 4.0 much sooner (mid-2024) than FICO released the data for 10T (mid-2026). But reporting indicates that FHFA's delay in approving FICO 10T for loan deliveries may be guided by the company's legacy as sole provider in the market. For example, the head of FHFA recently stated in announcing the approval of VantageScore 4.0 that "Since 2020, FICO has increased the price per person's credit score by 1,800%. FICO has enjoyed a monopoly. No more."[33] This posture appears aligned with FHFA's decision to override the GSE's recommendation to propose approval of FICO 10T and disapproval of VantageScore 4.0 in 2020 as part of the Joint Enterprise Credit Score Solicitation.[34] These decisions should attract attention from regulators, antitrust enforcers, and lawmakers.

IV. THE EVOLVING COMPETITIVE LANDSCAPE

FICO reports that 90% of top lenders use its credit scores.[35] VantageScore is making inroads in challenging FICO's market position. Industry sources report, for example, that VantageScore 4.0 was "included in approximately 30% of [TransUnion's] mortgage credit pulls during the second quarter [2026], up from less than 5% at the beginning of the year."[36] The extent to which VantageScore erodes FICO's market share remains to be seen. But key features of competition on quality, choice, and variety are becoming clearer. For example, increased product differentiation has been a major outcome of increased competition in the credit scoring market.

For example, VantageScore's so-called "thin file" is based on fewer months of credit data relative to FICO's 6 months. VantageScore also uses trended data, versus FICO's

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31 "FHFA Approves VantageScore 4.0 for Mortgage Underwriting," NAR Realtor, Jul. 9, 2025, https://www.nar.realtor/news/washington-report/fhfa-approves-vantagescore-4-0-for-mortgage-underwriting.
32 "FHFA Director and HUD Secretary Jointly Announce VantageScore 4.0 Implementation for Fannie Mae, Freddie Mac and FHA," VantageScore, Apr. 22, 2026, https://vantagescore.com/resources/knowledge-center/fhfa-director-and-hud-secretary-jointly-announce-vantagescore-4-0-implementation-for-fannie-mae-freddie-mac-and-fha.
33 Sen, "FICO Stock Falls Pre-Market."
34 Response by FHFA to the Housing Policy Counsel's FOIA request. Letter from FHFA to David Benson, President and Interim Chief Executive Officer, Federal National Mortgage Association, Oct. 25, 2022, https://ncrainc.org/wp-content/uploads/2026/02/HPC-FOIA-Docs-on-Score-Competition.pdf.
35 "FICO Releases Inaugural FICO Score Credit Insights Report Highlighting Major Shifts in Consumer Credit," FICO, Sep. 16, 2025, https://investors.fico.com/news-releases/news-release-details/fico-releases-inaugural-fico-scorer-credit-insights-report/.
36 Andres, "FHFA Opens VantageScore."

"snapshot" in time.[37] The FICO and VantageScore 4.0 models also feature different weights on determinants of consumer creditworthiness, as shown in the table below.[38] In comparing FICO and VantageScore rating components, it is important to note that some are embedded or grouped with other components, so the scores do not completely map across each other. They both place heavier emphasis on payment history, credit history depth/length, amounts owed/utilization, and credit mix. However, there are also differences. For example, VantageScore puts relatively more emphasis on payment history, as compared to FICO. FICO puts more emphasis on amounts owed relative to VantageScore.

Differences In Credit Score Components For FICO and VantageScore

Credit Score Variable	FICO	VantageScore
Payment History	35%	41%
Recent Credit	10%	11%
Length or Depth of Credit History	15%	20%
Amounts Owed or Credit Utilization	30%	20%
Credit Mix	10%	embedded in another factor
Credit Balances	embedded in another factor	6%
Available Credit	embedded in another factor	2%

Competition between FICO and VantageScore has a number of implications. It has expanded credit scoring to additional groups of consumers beyond the pool used by both FICO and VantageScore. These include consumers that are unscorable by conventional models.[39] VantageScore notes, for example, that its 4.0 model scores "33 million more people than traditional models."[40] Competition also facilitates "lender choice shopping"[41] and the opportunity for lenders to compare borrower scores and potential underwriting outcomes.

For example, by purchasing both FICO and VantageScore products, lenders can present the more favorable credit score, increasing the odds that consumers are

[37] See, e.g., Jonathan Glowacki and Ryan Huff, "Analysis of Credit Bureau Data and Mortgage Fit Statistics for FICO Score 10T and Vantage Score 4.0, First Time Home Buyers," Milliman, May 18, 2026, https://www.milliman.com/en/insight/fico-score-10t-vantagescore-4-analysis-first-time-homebuyers.
[38] "The Complete Guide to Your VantageScore 4.0 Credit Score," VantageScore, Jun. 26, 2025, https://vantagescore.com/consumers/blog/the-complete-guide-to-your-vantagescore and "What's in My FICO Scores?" MyFico, https://www.myfico.com/credit-education/whats-in-your-credit-score.
[39] Amanda Barroso and Lauren Schwahn, "What Is a VantageScore?" NerdWallet, Apr. 1, 2026, https://www.nerdwallet.com/finance/learn/vantagescore-fico-score-the-difference.
[40] "Large Mortgage Lenders Rapidly Switch to VantageScore 4.0 Credit Score, Millions More Creditworthy Consumers Available for Loans," VantageScore, May 19, 2026, https://vantagescore.com/resources/knowledge-center/press_releases/large-mortgage-lenders-rapidly-switch-to-vantagescore-4-0-credit-score-millions-more-creditworthy-consumers-available-for-loans.
[41] Laurie Goodman and Jun Zhu, "How Credit Score Shopping Might Affect Federal Mortgage Lending and the Perceived Risk of Default," Urban Institute, Jul. 24, 2026, https://www.urban.org/urban-wire/how-credit-score-shopping-might-affect-federal-mortgage-lending-and-perceived-risk.

approved.[42] This may not be a panacea, however, if it encourages "cherry-picking" the best scores as the basis for lending decisions. Research also indicates that lender choice shopping may increase the "market's perception of the probability of default."[43] These developments should be carefully monitored by regulators, antitrust enforcers, and lawmakers for their potential impact on credit default risk and the stability of the housing lending market.

With efforts to inject needed competition in the market for credit scoring have also come other potential reforms. For example, FHFA has floated the idea of moving from a tri-merge to a bi-merge system, or even a single credit report system to lower mortgage lending costs. This would allow lenders to base decisions on only one or two credit reports.[44] Qualifying borrowers that would otherwise be denied credit under the tri-merge system should also be carefully examined for its potential impact on credit default risk and the housing lending market.[45]

V. ANTITRUST LEGACY AND POTENTIAL FOR EXCLUSIONARY CONDUCT

Antitrust issues are not uncommon in markets with few players, vertical integration across markets, and distribution through licensing agreements. The credit scoring market is no exception. FICO's historical dominance has generated significant antitrust scrutiny. In early 2020, for example, the DOJ opened a civil investigation into whether FICO used its dominant market position to engage in exclusionary conduct to limit competition.[46] The investigation was closed within the year.

Both FICO and the CRAs have been sued for alleged monopolization violations under the Sherman Act in private antitrust cases. The ongoing *In re FICO Antitrust Litig. Related Cases* litigation consolidated multiple private class action lawsuits filed between 2020 and 2023 involving the B2B (e.g., credit unions, banks, mortgage lenders, etc.) purchase of credit scores.[47] In 2011, FICO sued the credit bureaus in *FICO v. Experian* alleging that VantageScore was an unlawful conspiracy. [48]Antitrust concerns have surfaced again only recently. In 2024, Senator Hawley (R-MO) called for another

[42] Goodman and Zhu, "How Credit Score Shopping."
[43] Goodman and Zhu, "How Credit Score Shopping."
[44] Czarinna Andres, "FHFA Studies Single Credit Report to Cut Mortgage Costs," National Mortgage Professional,
Sep. 10, 2026, https://nationalmortgageprofessional.com/news/fhfa-studies-single-credit-report-cut-mortgage-costs.
[45] Joni Baker et al., "The Impact of Moving Away From The Tri-Merge Standard," Andrew Davidson & Co., Feb. 19, 2026, https://www.ad-co.com/s-curve/impact-moving-away-tri-merge-standard.
[46] "FICO Statement Regarding Antitrust Investigation," FICO, Mar. 15, 2020, https://fico.gcs-web.com/news-releases/news-release-details/fico-statement-regarding-antitrust-investigation.
[47] In re FICO Antitrust Litig. Related Cases, No. 1:20-CV-02114, 2023 U.S. Dist. LEXIS 174653, at *38 (N.D. Ill. Sep. 28, 2023).
[48] Fair Isaac Corp. v. Experian Information Solutions Inc., 645 F. Supp. 2d 734, 745-55 (D. Minn. 2009). This claim did not succeed. The court found that in the B2B segment, FICO's market share " decreased less than 1% in the first two years of VantageScore's existence…" and in the B2C market, FICO's share "increased 3% from the year prior to the introduction of VantageScore."

investigation into FICO's practices after it raised prices for both "hard" and "soft" credit pulls.[49] In July 2026, the Florida Attorney General issued subpoenas to FICO requiring information on licensing agreements and contracts with the CRAs involving "royalty rate negotiations, pricing tiers, and 'no equivalent products' clauses."[50]

The nascent state of rivalry between FICO and VantageScore means that competitive dynamics are still unfolding. Competition in a concentrated, duopoly market warrants close attention. When one of those players is growing and controls the data inputs for the entire industry — while competing head-to-head with an independent, standalone, player — there is even more need for attention. Indeed, at the time FHFA issued its proposed rule in 2018, it was presumably concerned about a scenario in which the CRAs/VantageScore worked to frustrate rivals' access to critical consumer credit data that is available only through the CRAs. There are two possibilities along these lines.

The first is frustrating rivals' access to essential consumer credit data and foreclosing them from the credit scoring market. For example, If the CRAs were to stop licensing FICO's scoring algorithms and exclusively sell VantageScore's products, the adverse effect on FICO could be substantial. The CRAs/VantageScore could also renegotiate the terms and conditions for licensing FICO algorithms in disadvantageous ways. This would raise its costs and reduce FICO's ability to compete with VantageScore. The ultimate impact on lenders and consumers would be higher prices, lower quality, and less innovation in credit scoring.[51] Whether VantageScore would have the *incentive* to engage in this type of "input foreclosure" remains to be seen. It is dependent on how much the CRAs/VantageScore benefit from selling both their own, and FICO's, products and how large VantageScore grows.

A second potential competitive concern in the evolving credit scoring market is predatory behavior.[52] For example, if the CRAs/VantageScore priced below cost, it could make it more difficult for rivals to compete.[53] Price cutting is often justified as hard-nosed-competition to get a foothold in the market.[54] VantageScore appears to be engaging in just this. For example, in March 2026, Experian offered VantageScore pricing of $.99 per mortgage origination score, considerably lower than FICO's historical

[49] Letter from Senator Josh Hawley to Assistant Attorney General at the U.S. Department of Justice, Jonathan Kanter, Mar. 12, 2024, https://www.hawley.senate.gov/wp-content/uploads/files/2024-03/Hawley-Letter-to-Kanter-DOJ-re-FICO.pdf.
[50] Merrilee Gasser, "Florida Subpoenas FICO in Antitrust Investigation," Yahoo Finance, Jul. 2, 2026, https://finance.yahoo.com/economy/policy/articles/florida-subpoenas-fico-antitrust-investigation-194300718.html.
[51] See, e.g., Steve C. Salop and Michael H. Riordan, "Evaluating Vertical Mergers: A Post-Chicago Approach," 63 Antitrust Law Journal 1995(513).
[52] Brooke Group v. Brown & Williamson Tobacco, 509 U.S. 209 (1993).
[53] Phillip P. Areeda and Donald Turner, "Predatory pricing and related practices under section 2 of the Sherman act," 88 Harvard Law Review 1975(912).
[54] Patrick Bolton, Joseph F. Brodley, and Michael H. Riordan, "Predatory Pricing: Strategic Theory and Legal Policy," Georgetown Law Review, Aug. 2000, https://ssrn.com/abstract=211689.

pricing.[55] At the same time, the CRAs announced that they would offer VantageScore 4.0 at no cost to lenders that also purchased FICO scores.[56]

VantageScore's pricing strategies bear watching, particularly in a concentrated, duopolized market where it is vertically integrated into consumer credit data and will likely expand its position in credit scoring. Separating the CRAs/VantageScore's cost advantages that affect pricing decisions, from potential concerns over any anticompetitive conduct is key to this question.[57] In sum, antitrust enforcers, regulators, and lawmakers should remain alert to how the vertical integration between the CRAs and VantageScore, and the growth of VantageScore, changes the competitive dynamics in the market for credit scoring.

VI. POLICY RECOMMENDATIONS

PPI's analysis indicates that the competitive landscape in credit scoring has changed significantly with the approval of the VantageScore 4.0 credit scoring model, alongside FICO Classic. It also indicates that swapping a market structure dominated by a single provider with one featuring a duopolist that is vertically integrated across credit reporting and credit scoring introduces new questions about competition, consumer benefits, and the stability of the credit markets, especially in housing lending. PPI concludes that FHFA's original concerns expressed in the 2018 proposed rule Validation and Approval of Credit Score Models remain valid and that a policy framework for monitoring competition in credit scoring is needed.

Regulatory Policy Recommendations:

- **Periodic FHFA Credit Scoring Market Competition Reports**: Many federal sector regulators that have overseen sweeping changes in the markets under their purview have instituted periodic reports that assess the state of competition. PPI suggests that FHFA undertake a similar market reporting initiative to provide transparency into how competition is unfolding in credit scoring.

- **Fostering Entry of Alternative Consumer Credit Data Providers**: Protecting competition and consumers in the credit scoring ecosystem is also possible by expanding competition in the bottleneck market, or credit reporting. PPI recommends that FHFA solicit public comment on the development of alternative consumer credit data sources, or competitors to the CRAs.

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[55] "Experian Announces $0.99 Pricing for VantageScore 4.0 to Accelerate Competition and Industry Savings," Experian, Mar. 9, 2026, https://www.experianplc.com/newsroom/press-releases/2026/experian-announces--0-99-pricing-for-vantagescore-4-0-to-acceler.
[56] Czarinna Andres, "Equifax, TransUnion Slash VantageScore 4.0 Mortgage Credit Score Pricing," National Mortgage Professional, Mar. 10, 2026, https://nationalmortgageprofessional.com/news/equifax-transunion-slash-vantagescore-40-mortgage-credit-score-pricing.
[57] Salop and Riordan, **"**Evaluating Vertical Mergers: A Post-Chicago Approach." The CRAs/VantageScore are likely to see cost savings from eliminating the "markup" on the purchase or licensing of CRA data and from "economies of coordination" between credit data and scoring.

- **Scrutiny of FHFA Process**: The process pursued by FHFA in introducing competition in credit scoring appears irregular, and agency decisions raise critical questions about maintaining quality and stability in housing lending. These include slow-rolling the new FICO 10T model to make room for VantageScore 4.0 and considering moving from a tri-merge to a bi-merge or single credit report system that could introduce quality and risk problems. PPI recommends that Congress hold hearings to explore this regulatory decision-making and its impact on the stability of the housing lending market.

Antitrust Policy Recommendations:

- **Antitrust Vigilance in Investigating Anticompetitive Conduct**: The DOJ should keep a close eye on the altered competitive dynamics around a duopolized market with one large, vertically integrated player. Should the DOJ open another investigation and find evidence of anticompetitive conduct and harm to consumers, the logical remedy would be to separate the CRAs from VantageScore. Such a remedy could also be legislated by Congress.

- **Federal Trade Commission 6(b) Study**: The DOJ has historically taken a more active role in investigating potential antitrust violations in credit scoring. However, the Federal Trade Commission (FTC) also covers financial market issues and has authority to conduct formal market investigations under Section 6(b) of the Federal Trade Commission Act. PPI suggests that an FTC 6(b) study would provide an important baseline for monitoring competition in credit scoring moving forward.

ABOUT THE AUTHOR

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The Progressive Policy Institute is a catalyst for policy innovation and political reform based in Washington, D.C. Its mission is to create radically pragmatic ideas for moving America beyond ideological and partisan deadlock.

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