FICO® Score 4

More current and predictive

The FICO® Score 4 Suite outperforms prior FICO® Scores in market, offering the precision you need based on a proven blueprint as well as broadens financial inclusion. The score you know and trust with more power and flexibility than ever.

FICO, in partnership with Círculo de Crédito, has redeveloped the FICO® Score using sophisticated artificial intelligence and machine learning modeling techniques to mine trends in recent consumer data and help lenders in Mexico predict consumer credit risk. FICO® Score 4 is designed to accurately rank-order consumer repayment risk.

FICO® | **círculo** de crédito

Stronger predictive power

FICO® Score 4 based on Círculo de Crédito data improves the assessment of a borrower's credit risk by providing a numerical snapshot of a consumer's likelihood to default. The Score analyzes the information available on the credit bureau profile and produces a score in the range of 300–850 that is indicative of the future credit risk. This precise risk prediction applies to decisions across financial industries, customer segments, credit products, and lifecycle phases — from origination to collections.

Powerful decision support

- Identify opportunities for growth in the customer base

- Accurately manage organizational risk tolerance, increase profitability, and reduce losses

- Simplify implementation and underwriting strategy as the FICO® Score 4 uses the same design footprint and is aligned with previous versions of the FICO Score in Mexico

- Bring insights available from credit bureau data to bear on credit risk decisions

- Expanded score performance through the use of the latest statistical techniques, including AI and machine learning to ensure optimum score performance

- Leverage expanded use of utility-only tradeline data, which increases score performance across industry types, including consumer lending, insurance, utility, and telecommunications

- Broaden financial inclusion by leveraging new consumer credit profile information

Current data to reflect consumer behavior

FICO® Score 4 was developed and tested using the most recent data available from Círculo de Crédito designed to address issues specific to regional lending practices, most current consumer behavior, and the credit environment.

Stability across economic conditions

FICO® Score 4 has been tested on an out-of-time sample to confirm that, during a period of uncertainty caused by the impact of the COVID-19 pandemic, the score continues to provide strong predictive power across strained economic conditions. The score was also tested and validated with data from multiple periods to ensure robust performance despite strained economic conditions.

Best performing FICO® Score in market to date

Building off continued research, new data samples, and FICO's state of the art analytic capabilities and predictive technologies in machine learning, FICO® Score 4 provides as much as 8.5% predictive lift over previous versions of the FICO Score, with distributions consistent with FICO Score 3.

Model performance metrics

FICO® Score 4 shows improved predictive power in rank-ordering consumer risk over previous versions of the score. The score continues to perform during varied economic cycles including pandemic and non-pandemic periods.

Trade-Off Curve - Acceptance Rate vs Delinquencies

Trade-off Curve comparisons between FICO® Score 3 and FICO® Score 4 show that FICO® Score 4 identifies a greater number of cumulative delinquencies. For example, looking at the 20% lowest scoring population FICO® Score 3 identifies 50% of the delinquent population while FICO® Score 4 is able to identify 56% of the delinquent population.

## Delinquency rate by score range

FICO® Score 4 rank-orders risk while identifying more delinquencies at the lower range of FICO Scores. This allows the lender to make better lending decisions based on the risk profiles of different borrowers.

Trade-off Curve
FICO® Score 4: Acceptance Rate vs Delinquency/losses

Additional 4 – 5% delinquencies may be identified while keeping current level of acceptance rates

FICO® Score 4, based on Círculo de Crédito data
Performance Window: March 2019 – March 2020
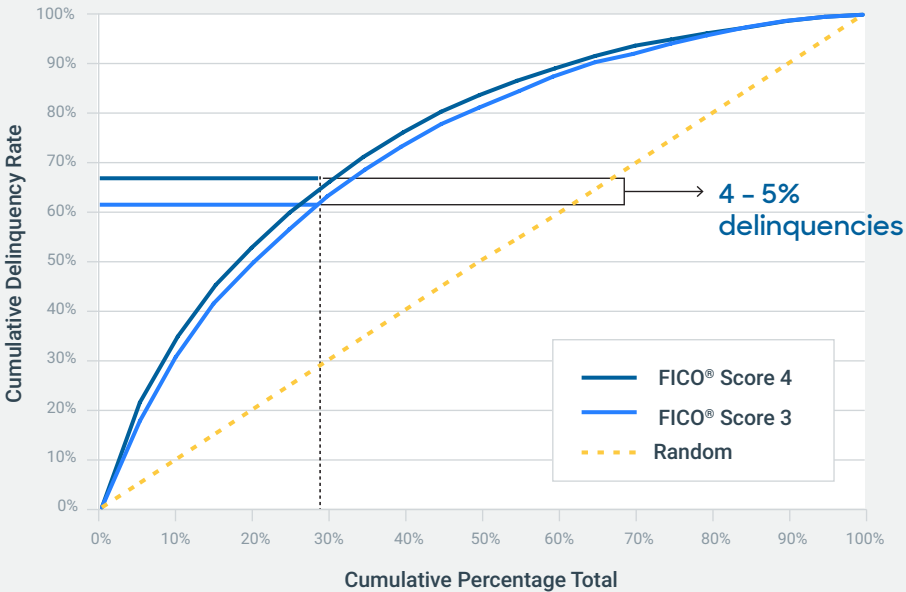
Recent data analysis from a large Mexican lender showed that FICO® Score 4 was able to increase profit by up to 86% by reducing delinquencies by 13% while maintaining their current level of acceptance rates for their credit portfolio.

FICO® Score 4: Delinquency rate across FICO® Score ranges

FICO® Score 4 may better separate delinquent customers at a lower score ranges

FICO® Score 4, based on Círculo de Crédito data
Performance Window: March 2019 – March 2020
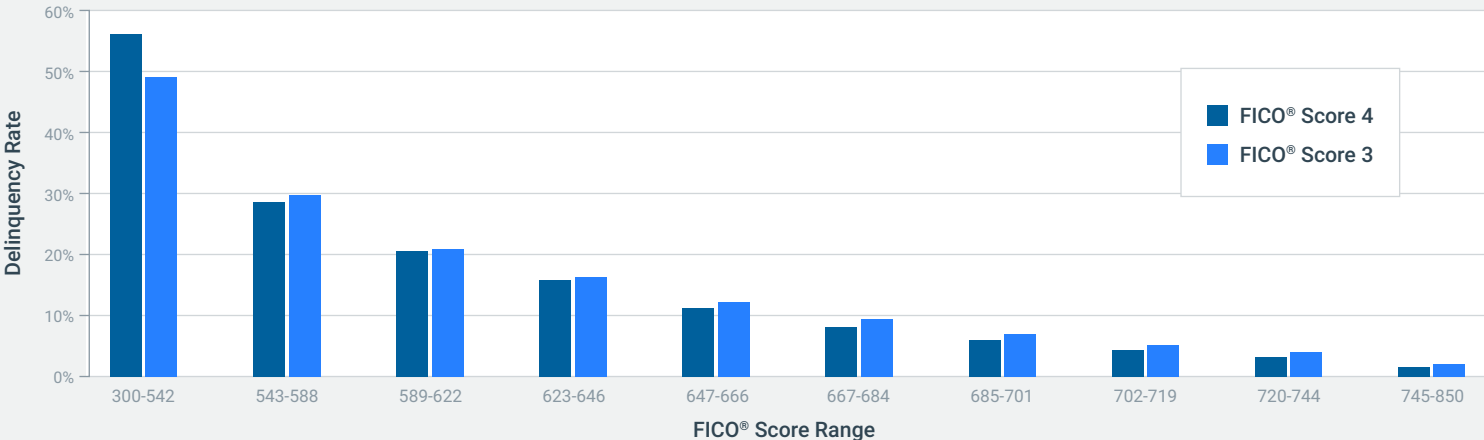
Leverage FICO's expertise across industries and lifecycle stages

Credit scoring is an effective means to predict how likely consumers are to pay credit obligations as agreed. FICO® Score 4, along with the FICO® Extended Score 4, available from Círculo de Crédito, provide a suite of tools to lenders seeking to harness FICO's credit industry expertise. Both scores use current Mexico-market data to enable risk prediction across the entire consumer credit lifecycle — from marketing and acquisition to account management and collections — across industries.

About FICO® Scores

FICO® Score was specifically designed to seamlessly incorporate the entirety of the credit file, making it ideal for Mexico's large and dynamic population. The score allows for consistent decisions across multiple industries, including consumer credit underwriting, insurance risk underwriting, telecommunications, and utility service underwriting. It can also be used across credit products and lifecycles — from account origination to account management and collections. The score presents as a range of 300–850, with higher scores indicating lower credit risk. Based on the score, lenders can determine if they want to grant credit to applicants and at what terms.

Access risk and make more informed decisions across consumer lifecycle stages and industries, including:

- Mortgage
- Insurance
- Telecommunications
- Bankcard
- Personal Loans
- Auto

Find out more about how your organization can benefit from credit-bureau scoring solutions by contacting either your Círculo de Crédito or FICO representative, ficoscoreinfo@fico.com.

FICO, in partnership with Círculo de Crédito

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FICO More Precise Decisions

FOR MORE INFORMATION
www.fico.com
www.fico.com/blogs

EUROPE, MIDDLE EAST, & AFRICA
+44 (0) 207 940 8718
emeainfo@fico.com

NORTH AMERICA
+1 888 342 6336
info@fico.com

ASIA PACIFIC
+65 6422 7700
infoasia@fico.com

LATIN AMERICA & CARIBBEAN
+55 11 5189 8267
LAC_info@fico.com