

The Validation Gap

TWENTY-SIX YEARS OF THE SAME MANUAL WORK—
AND WHY THE SYSTEMS WE BUILT DIDN'T FIX IT



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In the early 2000s, I worked the finance desk at a car dealership to put myself through college. I gathered stips, calculated income from paystubs by hand, verified insurance documents, and sat across from customers while they signed retail installment contracts.

I have spent the years since building technology for the lending operations on the other side of that desk. And the thing that stops me every time I walk through a funding workflow with a regional bank or credit union is this: the work is identical—same documents, same cross-checks, same calculator. The systems surrounding it are more sophisticated. The gap between those systems is exactly what it was.

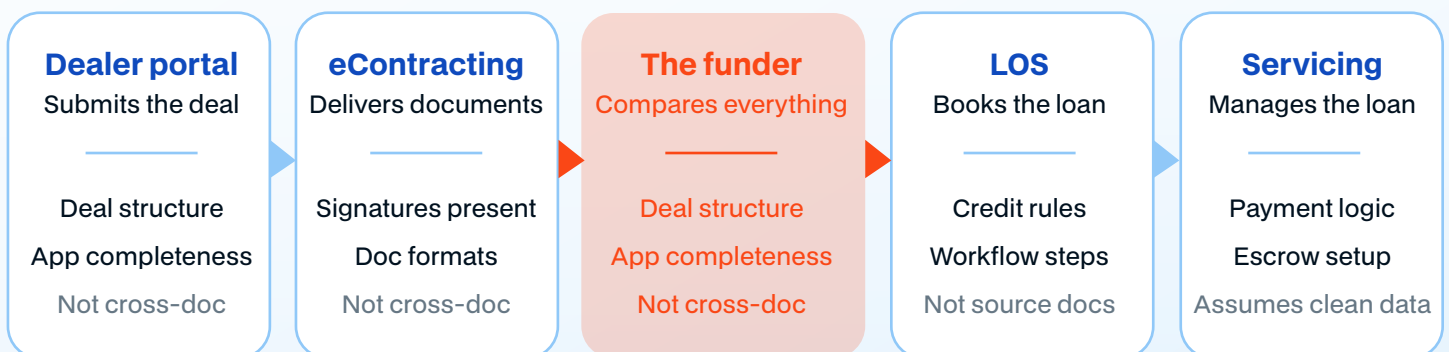
Twenty-six years later, a funder is still the validation layer no technology was designed to replace.

The systems changed. The gap didn't.

The Gap No System Covers

Indirect auto lending runs on a stack of purpose-built systems. Each one is excellent at what it does. None of them compare notes with each other.

WHAT EACH SYSTEM VALIDATES — AND WHAT IT DOESN'T



Here is a single loan packet—three of the checks that happen before a funder can clear it. Every system in the stack touched these documents. None of them made these comparisons.

CHECK 1 — VIN ACROSS DOCUMENTS

RETAIL INSTALLMENT CONTRACT

1HGBH41JXMN10918**6**

TITLE APPLICATION

1HGBH41JXMN10918**B**

One character off. Both systems accepted it. Neither compared the two documents. **Caught manually — 17 min.**

CHECK 2 — INCOME VS. SOURCE DOCUMENT

APPLICATION (DEALER-ENTERED)

\$6,200/month gross

PAYSTUB (BI-WEEKLY \$2,650)

\$5,725/month actual

LOS captured what was submitted. No system recalculated from the source document. The funder did the math on a notepad. **Caught manually — 11 min.**

CHECK 3 — MILEAGE CONSISTENCY

ODOMETER STATEMENT

24,310 miles

INSURANCE DECLARATION

27,540 miles

3,230-mile gap. eContracting delivered both documents. Neither it nor the LOS compared them. **Caught manually — 9 min.**

What That Gap Costs

~9 min

per loan, manual cross-check on a clean deal

30 hrs

per month at 200 loans
—before exceptions or callbacks

+25%

volume growth doesn't come with more funder capacity



“We work in a highly regulated space, so getting things right the first time isn't optional. Too many manual steps and disconnected tools were slowing us down and increasing the risk of mistakes.”

—Jacob Reyf, Director of Dealer Relations and Strategic Growth, Daltra

The Regulatory Cost Is Harder To See

\$10M+

CFPB PENALTY
2025

In early 2025, the CFPB entered a consent order against a major auto manufacturer's finance arm. **The violations weren't downstream servicing failures.** They were data capture errors introduced during loan setup and origination—the kind that pass through every system in the stack undetected because no system compared documents against each other.

6.6%

subprime 60+ day
delinquency Jan 2025—
record high per Fitch Ratings

5.2%

serious delinquency Q4
2025—approaching Great
Recession peak

26 years

since I calculated income by
hand at a dealership. The check
still happens the same way.

The Standard Is Changing

As those delinquent loans age into defaults and repurchase requests, the first question examiners and investors ask is what controls were in place at origination—what was validated, how, by whom, and whether there is a record of it.

Manual cross-document validation—performed by a funder, undocumented, unrepeatable—does not produce a record. There is no log of which VIN was checked against which document, no timestamp on the income calculation, no audit trail for the exception that was flagged and resolved.

“If an examiner walked in tomorrow and asked for the audit trail on your last 100 funded loans, what would you produce?”

For institutions running manual validation processes, this question does not have a good answer.

What The Winning Lenders Are Doing Differently

The indirect auto lenders pulling ahead in 2026 are not the ones who hired more funders or trained their teams harder. They recognized that the validation gap is a structural problem—and addressed it structurally.

An automated validation layer between dealer submission and LOS entry compares VINs across every document, verifies income against source documents, checks mileage alignment, and flags exceptions—on every loan, in the same way, with a logged and auditable record of every decision. Clean loans advance automatically. Funders engage only where judgment is genuinely needed.

80%

of loans auto-advance
without manual review

5-8 min

per loan vs. 15–20 min today

30-50%

more volume with the
same team

The Question Worth Asking

The technology investment most indirect lenders have already made—dealer portals, eContracting platforms, LOS, servicing platforms—represents real capability. The gap is not in those systems. The gap is between them. I spent three years on the dealer side of this transaction, doing manually what no system was designed to do. I've spent years since watching lenders do the same thing from the other side. The tools are better. The gap is not.

Which system in your stack is responsible for comparing one document against another?

If the answer is “the funder”—you’ve found the gap. The question after that is whether you want a person filling it or a process.



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Before joining Continuous, Elsbeth spent over a decade building and scaling product marketing programs in automation and enterprise health technology. But her roots in finance go back even further—in the early 2000s, she worked the finance desk at a car dealership, gathering stips, calculating income by hand, verifying insurance, and closing deals. That hands-on experience grounds her approach to customer advocacy and thought leadership—and shapes how she thinks about the operational realities of indirect auto lending today. When she's not championing human-centered tech, you can find her mentoring the next wave of mujeres in tech among first-generation students or immersed in a true crime novel.

Learn how Continuous fills the validation gap between your systems.

TALK TO AN EXPERT →