



# Payroll professionals key priorities challenges and needs

This report is part of the Beyond Paydays: The Evolution of Payroll in Canada research series, developed by the National Payroll Institute in collaboration with Deloitte (June 2026). While the original report provides a comprehensive view of payroll in Canada, this theme-based version highlights key insights on a specific topic area.

It is designed to be read independently, while serving as a companion to the full report for those seeking a broader perspective.





# Payroll professionals' key priorities, challenges, and needs

Payroll professionals across Canada are navigating an increasingly complex and high-stakes environment, shaped by technological advancements, heightened compliance expectations, and shifting workforce dynamics. As payroll continues evolving from a transactional function into a strategic organizational contributor, professionals face a growing set of priorities and pressures. Recognizing the most common challenges encountered today, challenges projected to arise in the future, and the underlying causes driving these issues, will better equip organizations to address emerging needs and build resilient, future-ready payroll functions.

## 7.1 Data security and privacy

Protecting sensitive employee information has become one of the top priorities—and challenges—for payroll professionals. As payroll systems become more integrated with HR, finance, time tracking, and third-party platforms, the volume and sensitivity of data being exchanged continues to grow. This expanded data ecosystem introduces heightened risks related to cyberattacks, privacy breaches, improper access management, and system vulnerabilities. When asked about their biggest concerns are regarding data security and privacy, payroll professionals most commonly cite cyberattacks or hacking risks—particularly when third-party providers are involved or when relying on legacy systems. These concerns persist despite the

***The Bottom Line*** 

**Executive:** Talent shortages, security risks, and continuity gaps make payroll a growing operational risk area.

**Payroll professional:** Rising complexity and expectations demand stronger tools, clearer governance, and targeted development.

**Technology:** Security, resilience, and integration are no longer optional features but core requirements.

security expertise and resources that many payroll technology vendors bring to the table, highlighting a key perception gap that influences payroll decision-making. These concerns are further amplified by the introduction of AI-driven tools, which some payroll professionals feel uncertain about from a privacy and compliance standpoint. Many payroll professionals expressed apprehensions when polled about whether AI capabilities have adequate safeguards, auditability, and transparency—especially given their responsibility to ensure strict adherence to privacy laws.

To address these risks and concerns, organizations must prioritize strong cybersecurity frameworks, implement role-



based access controls, and enhance encryption and monitoring. Additionally, organizations can strengthen their payroll operations by investing in data security training that covers both prevention measures and the appropriate actions to take if data is put at risk, helping to minimize the impact of a potential breach. Payroll should be included in broader enterprise security strategies and decision-making, thereby ensuring professionals have the resources and clarity they need to uphold data protection obligations.

## 7.2 Recruiting and retaining payroll talent

Recruiting experienced payroll professionals continues to be one of the most significant challenges facing organizations today. Survey results indicate that the payroll workforce is aging (*Figure 16*) with many seasoned professionals approaching retirement. Organizations are simultaneously grappling with a limited pipeline of emerging talent and an increasing demand for payroll expertise as operations become more complex. Survey insights reveal that one of the greatest challenges that HR professionals face when recruiting for payroll is finding qualified candidates, either with payroll-specific skills, or soft skills such as communication and teamwork, which complicates the hiring landscape. Beyond skill gaps, the nature of payroll work itself can be challenging with a significant learning curve, deterring new entrants. The role requires precision, resilience under pressure, and deep understanding of compliance regulations—all attributes that typically develop with experience.

Organizations must adopt targeted strategies to address these challenges, such as building strong succession plans, investing in formal and informal mentorship opportunities and internal training programs, and partnering with educational institutions, such as colleges and universities, and the National Payroll Institute to develop a talent pipeline and create clearer pathways into the profession. Further, modernizing payroll technology creates efficiency that allows payroll professionals to move into more fulfilling, insight-driven, strategic work, ultimately supporting employee retention.

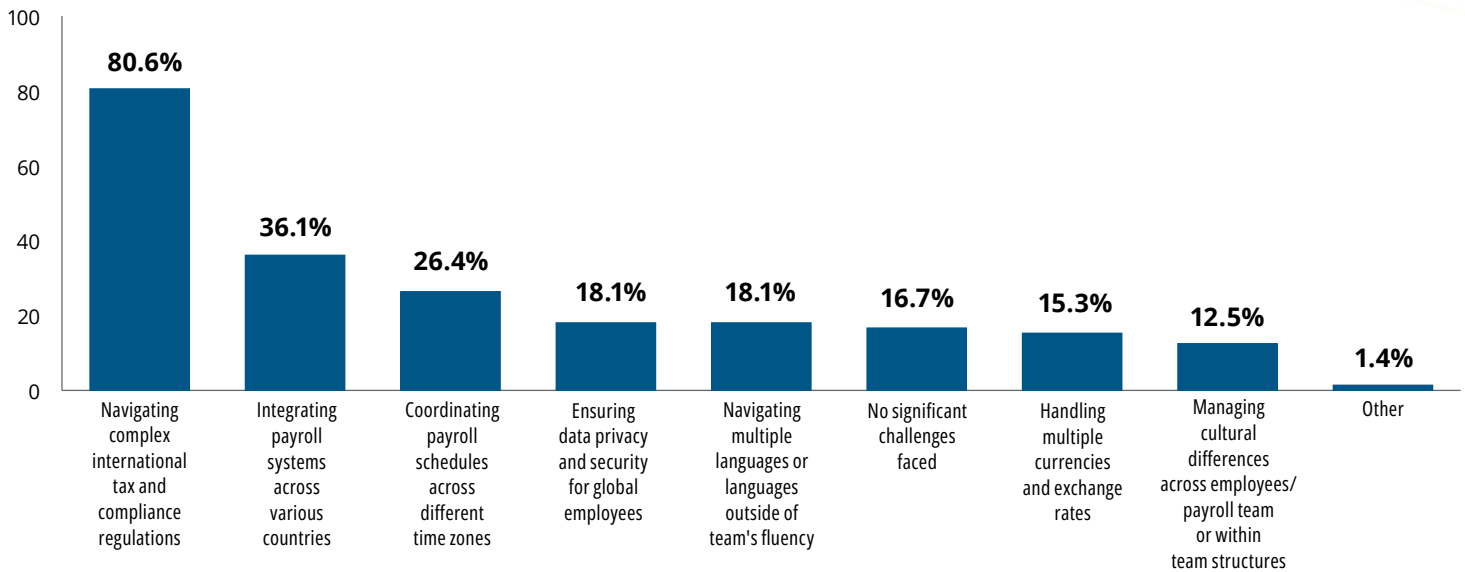
## 7.3 Complexities of globalization and multi-jurisdictional pay

As Canadian organizations expand their footprint across provinces, territories, and international jurisdictions, their payroll becomes increasingly complex. Professionals must navigate the respective jurisdictional tax laws, labour standards, statutory remittances, reporting formats, and employment classifications. Cross-border payroll adds challenges around exchange rates, global mobility requirements, expatriate taxation, and ensuring accuracy across multiple regulatory environments.

Payroll professional survey respondents who process pay for countries outside of Canada (predominantly the United States, among others) cited navigating complex international tax and compliance regulations, and integrating payroll systems across various countries as some of the most common challenges associated with processing pay in multiple countries (*Figure 21*). In addition to these technical challenges, many respondents noted difficulties working across multiple languages—



Figure 21. Common challenges associated with processing payroll in multiple countries



particularly those beyond the team's fluency—as well as managing cultural differences among employees, within payroll teams, and across broader team structures.

All of these complexities increase the risk of compliance errors, not to mention potential impacts to employee experience in the different countries and require payroll professionals to stay up to date with evolving legislation across multiple geographies. For organizations operating in multiple provinces or territories, particularly those with Quebec-specific requirements, regulatory differences can lead to longer processing times and more specialized inquiry resolution needs. A key priority for payroll professionals is securing improved tools, better integration between global systems, and clearer guidance from payroll technology vendors on localized compliance functionality. Organizations can support this by centralizing tax knowledge, investing in payroll platforms that support multi-jurisdictional requirements, and ensuring payroll

has access to legal and compliance resources when interpreting complex cross-border rules.

#### 7.4 The changing workforce: new expectations, new challenges

The nature of work in Canada is evolving rapidly, and payroll professionals are feeling the effects. The rise of remote and hybrid work has introduced tax residency challenges, jurisdictional compliance considerations, and shifting expectations around pay transparency and digital access. At the same time, the growing use of contract workers have added new layers of complexity in classification, record-keeping, and pay structures.

Payroll teams are also managing generational change within the workforce. Newer workers often have different learning styles and technology expectations, relying more heavily on self-service tools, real-time information, and digital accessibility. Meanwhile, the aging payroll workforce creates a knowledge-transfer risk;



many professionals hold decades of institutional knowledge that is difficult to replace. These trends highlight the urgent need for mentorship programs, structured knowledge-transfer processes, and training models tailored to both seasoned professionals and new entrants. Payroll is also increasingly expected to play a role in enhancing employee financial literacy, especially among younger workers who rely heavily on payroll to understand deductions and other components of their pay statements.

### **7.5 Business continuity and disaster preparedness**

Despite payroll's critical role in organizational stability, many organizations lack comprehensive business continuity and disaster recovery plans specific to payroll. Based on responses to the survey, many payroll professionals have concerns around major disruptions such as cyberattacks, however interruptions can be caused by a number of other things as well—natural disasters, system outages, or sudden staffing shortages, for example. Any of these interruptions can have immediate and widespread consequences ranging from missed paydays to compliance failures and significant reputational damage. Although many survey respondents recognize the possibility and risk of these scenarios, many feel that they remain underprepared to handle them.

Payroll professionals and experts emphasize the need for clear continuity strategies, including documented processes, cross-trained staff, backup systems, and coordinated response plans across payroll, HR, IT, and finance. Regular testing of continuity protocols, including mock disaster scenarios, can help ensure readiness. As reliance on technology increases, so does the need for

robust vendor contingency planning and stronger governance around system availability and incident response. Ensuring uninterrupted payroll operations is not only a business imperative—it is essential to maintaining employee trust during disruptive events.

### **7.6 Moving forward to build a resilient, future-ready payroll function**

As payroll continues to evolve, organizations must adopt a forward-looking approach that strengthens governance, modernizes operating models, and prepares teams for increasing complexity. A resilient payroll function begins with establishing a strong operating model that facilitates clear decision-making structures, well defined processes, and documented roles and responsibilities. Cross-training, mentorship, and structured succession planning help address talent shortages and ensure that institutional knowledge is not lost as the payroll workforce ages, a sentiment which was reinforced by focus group discussions. At the same time, building contemporary competencies, such as data literacy, system configuration awareness, cybersecurity fundamentals, and strong communication, positions payroll professionals to meet future demands confidently.

Technology modernization is another cornerstone of future-readiness. Cloud-based systems enable greater scalability, integration, and stability, while automation and AI reduce manual effort and support more consistent, error-resistant processes. Rather than attempting to adopt advanced capabilities all at once, organizations benefit from a phased approach where they first stabilize foundational systems before layering in automation and introducing AI tools and capabilities, all the



while maintaining appropriate controls and human oversight. Reliable and accurate data underpins all of these improvements, reinforcing the need for strong data-quality practices and close alignment with upstream functions such as HR and time and attendance.

Payroll resilience also depends on readiness for broader business and workforce changes. As organizations expand across provinces and borders, the need for clear jurisdictional guidance and compliance oversight becomes increasingly pressing. Likewise, shifting workforce expectations, such as remote work, newer generations entering the workforce, and the growth of non-traditional employment models, require payroll processes that are flexible, transparent, and employee centric. Enhancing employee pay literacy, simplifying pay statements, and strengthening self-service tools all contribute to improved experience and reduced inquiry volumes. Ensuring that payroll

has a voice in organizational planning enables the function to anticipate and respond to these shifts proactively.

Finally, business continuity remains a foundational element of a resilient payroll function. Given payroll's criticality, organizations must be prepared for disruptors ranging from cyberattacks to system outages or sudden staffing shortages. Establishing and routinely testing continuity plans—including alternate workflows, documented backup procedures, and coordinated response frameworks—helps ensure ongoing operations, even under pressure. These efforts, paired with a thoughtful KPI framework and regular performance monitoring, reinforce payroll's ability to demonstrate value, support decision-making, and continue operating reliably as expectations and risks evolve.





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# Glossary

AI	Artificial Intelligence
Altinn	Norwegian government digital portal
CBA	Collective Bargaining Agreement
CPP	Canada Pension Plan
CRA	Canada Revenue Agency
DATEV	German statutory/compliance platform
DSN	Déclaration Sociale Nominative—France’s unified social reporting
EI	Employment Insurance
ERP	Enterprise Resource Planning
eSocial	Brazil’s unified digital reporting system
ESS	Employee Self-Service
EWA	Earned Wage Access
FinTech	Financial Technology
FTE	Full-Time Equivalent
HCM	Human Capital Management
HRIS	Human Resources Information System
ISV	Independent Software Vendors
The Institute	The National Payroll Institute
KPI	Key Performance Indicator
PCP	Payroll Compliance Professional
PLP	Payroll Leadership Professional
PwC	PricewaterhouseCoopers
Real-time reporting	Previously known as e-payroll
ROE	Record of Employment
SMB	Small-Medium Business
SME	Subject Matter Expert
SOP	Standard Operating Procedure



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