



# The future of the payroll landscape

Deloitte and the National Payroll Institute  
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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.





# The future of the payroll landscape

As payroll in Canada continues its rapid evolution, the next decade is expected to usher in transformative changes across technology, governance, workforce expectations, and regulatory oversight. Organizations will be increasingly challenged to modernize their payroll environments—not only to ensure compliance, but to respond to new employee expectations, global workforce models, and emerging digital capabilities. Drawing from insights gathered through interviews with global Deloitte payroll leaders, industry literature, and survey findings, several key trends are expected to shape the future of payroll in Canada.

## Anticipated trends to reshape payroll in Canada

**Expansion of on-demand pay and other flexible pay models.** EWA, long established in the United States and several European markets, is gaining momentum globally and is increasingly recognized as a retention tool that supports employee financial wellness. While Canadian adoption remains cautious (though interest is beginning to grow), largely due to concerns around regulatory clarity, data security, and operational readiness, international adoption patterns strongly suggest that demand for flexible pay will grow. Market signals demonstrate that the infrastructure for real-time disbursement already exists in Canada, and organizations may soon face competitive pressure to offer more flexible pay models.

### ***The Bottom Line***



**Executive:** Payroll is approaching an inflection point where technology, governance, and skills must evolve together.

**Payroll professional:** Future relevance depends on data literacy, technology fluency, and advisory capability.

**Technology:** AI-enabled, real-time, and integrated payroll ecosystems will define leading practice.

**Acceleration toward real time payroll reporting.** Over the coming years, real-time access to payroll data would enable the Federal Government to improve speed and accuracy in delivering government services and benefits, such as employment insurance benefits and future wage subsidies, to Canadians through access to more accurate and up-to-date employment data (Canada Revenue Agency, n.d.).

This signals a future in which payroll reporting is increasingly automated, centralized and integrated into government systems, mirroring digital models seen in the United Kingdom, Ireland, Australia, France, Norway, Brazil, and other jurisdictions.



**AI and intelligent automation becoming foundational.** AI is expected to become embedded across every stage of the payroll lifecycle. While organizations today rely primarily on automation to reduce manual effort, the next generation of payroll systems will integrate AI to perform critical tasks, such as anomaly detection and variance analysis, certain automated compliance updates (with human intervention as needed), data cleansing (“data healing”), intelligent ESS interactions (agentic chatbots), and real-time cost forecasting and modelling (already offered by select payroll technology vendors globally).

Survey insights show that AI adoption in Canadian payroll is still limited, with many professionals expressing uncertainty about data privacy, cybersecurity, and the reliability of AI-enabled processes. Nevertheless, global adoption patterns point to AI becoming one of the most influential drivers of efficiency, accuracy, and proactive risk management in the payroll of the future.

**Increasing regulatory complexity and governance requirements.** As global payroll governance models evolve, Canada is likely to feel the effects. European-style pay transparency directives are increasingly shaping regulatory discussions across North America. Some Canadian provinces (British Columbia, Newfoundland & Labrador, Prince Edward Island, Nova Scotia, and Ontario) already have various pay transparency laws and regulations. These advances within Canada, combined with global compliance pressures, such as European Union’s pay transparency laws, are also early indicators of the type of regulatory tightening that may reach Canada in the years ahead.

**Globalization, multi-jurisdictional workforces, and cross-border complexity.** As remote work, distributed teams, and cross-border employment become more common, Canadian organizations will increasingly face the same challenges reported in the United States, United Kingdom, Ireland, and Australia, such as multi-currency payroll, mobility-related tax obligations, and data residency and privacy complexities. These trends emphasize the need for more globally capable payroll platforms, stronger compliance guidance, and standardized operating models.

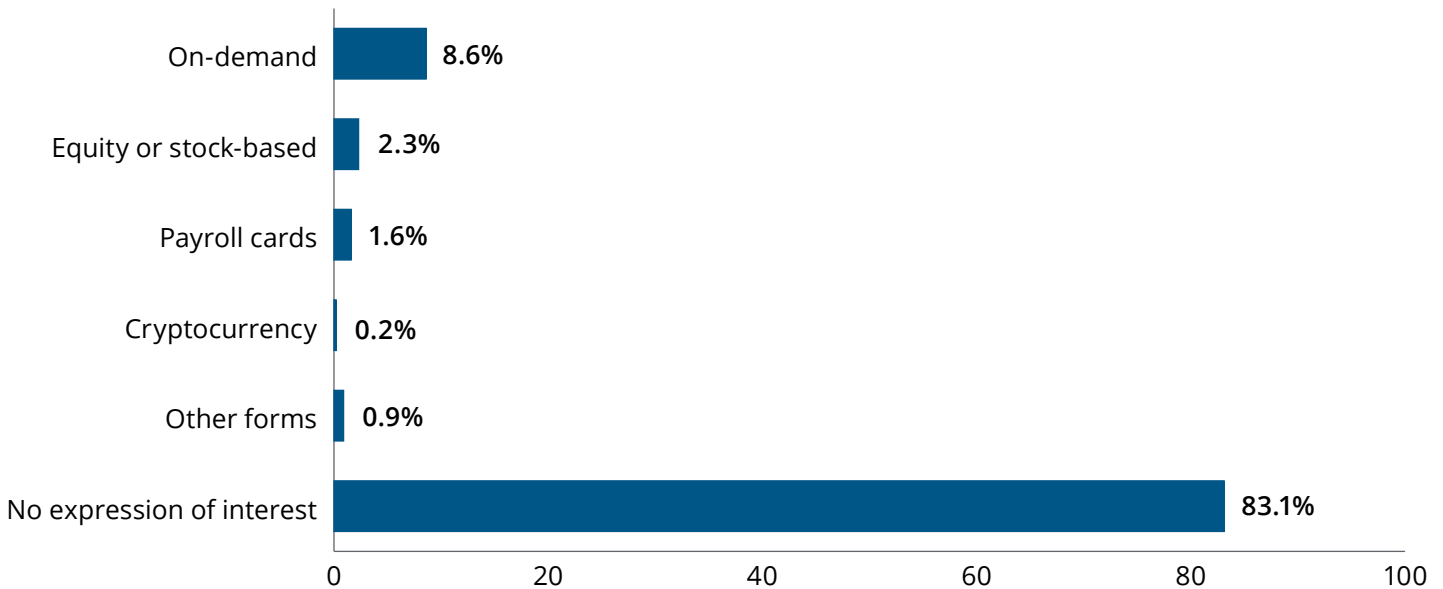
### **Organizational preparedness for the future**

While leaders increasingly recognize that modernizing payroll is no longer optional, readiness levels across Canadian organizations vary widely. Survey and interview insights point to uneven capability in areas like alternative pay models, AI adoption, business continuity, and core process/technology fundamentals. Closing these gaps requires coordinated





Figure 22. Interest level of employees in alternative pay methods, as reported by payroll professionals



progress across operating model, technology, governance, and skills—supported by a measured, phased roadmap that reduces risk while building confidence.

**Alternative pay methods.** Survey insights indicate limited current interest in alternative pay methods among Canadian employees, as reported by payroll professionals, with only a small proportion indicating that employees have expressed interest (Figure 22). Findings also suggest that most organizations are neither actively exploring nor prepared to implement these models at this time. While alternative pay methods are gaining traction in other jurisdictions, the Canadian landscape reflects both low reported demand and a corresponding readiness gap. For organizations considering future adoption, considerations include establishing a cross-functional policy approach (payroll, HR, finance, legal), conducting risk assessments (privacy, fraud, remittance timing), and piloting with a narrow

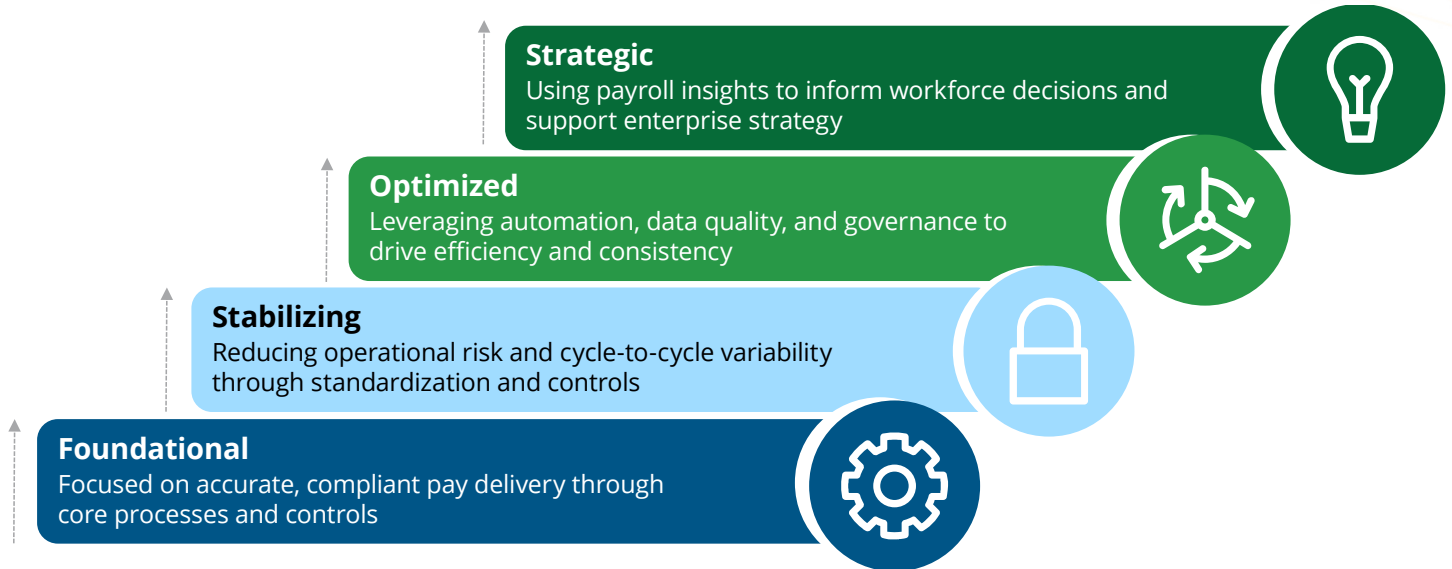
population to validate controls prior to broader implementation.

**AI adoption.** Automation is expanding, but AI is still early in the payroll lifecycle. Professionals report uncertainty around explainability, data privacy, and the governance needed to supervise AI outputs. Global signals point to rapid maturation (e.g., anomaly detection, data management, guided self-service), but Canadian teams may want to consider implementing clearer use cases and guardrails. A pragmatic approach begins with low-risk pilots (exception flagging, pre-pay variance checks) that use human review and intervention where necessary, paired with an AI control framework (access, audit trails, model validation) and role-based training so teams understand where and how to trust AI.

**Business continuity planning.** Despite payroll’s criticality, many organizations lack a tested, payroll-specific continuity plan. Payroll



## Payroll technology vendor definitions



Canada currently sits mid-pack in payroll maturity, with strong compliance rigor but lagging in digitalization, cloud adoption, employee experience focused pay practices, and AI-enabled payroll.

professionals acknowledge threats—from cyber incidents to outages and sudden staffing gaps—but remain underprepared to run when conditions are less than ideal. Readiness steps include preparing runbooks for regular payroll runs and off-cycle scenarios cross-training team members so that they can cover in case of absences, establishing vendor failover and contact trees, and running tabletop exercises (e.g., ransomware, year-end disruption, etc.) to validate recovery time and communication protocols in practice.

### **Governance and global complexity.**

As organizations expand across provinces and international borders, payroll teams must navigate divergent employment standards, tax regimes, and reporting expectations. Readiness improves when governance is explicit with documented roles for legislation monitoring and configuration changes; jurisdictional

playbooks (e.g., Quebec-specific rules, cross-border tax obligations, etc.); and a standing forum across payroll/HR/finance/legal to review risks, releases, and provider updates. Selecting globally capable platforms and aligning providers to common Service Level Agreements or controls reduces variability and strengthens audit readiness.

### **The future skills payroll professionals will need**

As the payroll landscape becomes increasingly digital, data-driven, and interconnected with broader organizational systems, the skills required of payroll professionals are expected to expand significantly. While foundational payroll knowledge will remain essential, future success will depend on the ability to work confidently with advanced technology, navigate complex compliance environment, and collaborate effectively across functions.



Interview, survey responses, and global insights consistently highlight that the payroll professional of tomorrow will need a blend of technical fluency, analytical capability, and strong interpersonal competencies to meet the evolving expectations of employers and employees.

Technological proficiency will be central to this evolution. As automation, AI, and cloud-based systems continue to reshape payroll operations, professionals will need to understand not only how to use these tools but how they function and how to interpret their outputs. This includes navigating system configurations, monitoring automation workflows, validating AI-generated insights, and understanding cybersecurity fundamentals to safeguard sensitive employee data. The rise of predictive analytics and real-time payroll capabilities will also require payroll professionals to become more comfortable working with data—identifying trends, analyzing anomalies, and transitioning insights into actionable recommendations for business leaders. These skills reflect a shift from reactive processing to proactive, insight-driven support.

At the same time, payroll professionals will need to strengthen their capabilities in areas tied to governance, compliance, and risk. As regulations grow more complex, with the increase in cross-border employment, remote work arrangements, and digital reporting requirements, professionals must be adept at applying legislative changes, ensuring accurate interpretation, and advising on their implications. Globalization will demand greater fluency in multi-jurisdictional payroll, international taxation, and the integration of global payroll systems. The growing emphasis on pay transparency and employee financial wellness initiatives will introduce additional areas where payroll expertise will play a central role.

Beyond technical knowledge, future payroll roles will require elevated interpersonal and strategic skills. Communication will be critical, as payroll professionals increasingly act as translators of complex pay information to employees, advisors to HR and finance partners, and contributors to strategic projects. Collaboration will play a larger role as payroll continues to intersect with technology teams, legal advisors, and workforce planners. Change management capabilities will



also be essential, particularly as organizations undergo technology transformations or adopt new models such as EWA, centralized shared services, or global operating frameworks. These skills help ensure payroll professionals can guide stakeholders through change, maintain accuracy during transitions, and maximize adoption of new tools and processes.

Developing these skills will require a coordinated approach to training and learning. Formal education pathways, such as National Payroll Institute designations, targeted coursework, and micro-learning modules, will continue to play an important role in building core competencies. However, hands-on practice will be equally important, including opportunities to test systems in sandbox environments, participate in pilot programs for emerging technologies, or shadow colleagues during complex year-end or cross-border processes. Mentorship and knowledge transfer will be essential as the aging payroll workforce transitions into retirement, ensuring that institutional knowledge is effectively passed to the next generation. Cross-functional exposure, such as temporary rotations through HR or finance, can deepen operational understanding and strengthen collaboration skills. Scenario-based learning using case studies, simulated audits, or mock data-privacy incidents can also prepare payroll professionals to navigate high-stakes situations with confidence.

Together, these emerging skills represent a meaningful expansion of payroll's role within organizations. As payroll becomes more technologically sophisticated and more strategically connected to business operations, the professionals who support it must evolve

as well. Those who build technical fluency, strengthen advisory capabilities, and embrace continuous learning will be well-positioned to thrive in the payroll landscape of the future—one defined by innovation, integration, and elevated expectations.

### **A payroll function ready for transformation**

Across all indicators—technology, compliance, workforce expectations, and global influence—the future of payroll in Canada is poised for substantial transformation. Organizations that proactively embrace emerging technologies, strengthen governance, and invest in skill-building will be best positioned to navigate the changes ahead. At the same time, payroll professionals who develop analytical, technical, advisory, and communication capabilities will be best equipped to elevate their impact and contribute to stronger, more resilient business outcomes.





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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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