



Beyond paydays: The evolution of payroll in Canada Executive Summary

State of payroll in Canada at-a-glance



Canada is sitting mid-pack in payroll maturity, with strong compliance rigour, however, lagging in digitalization, cloud action, employee experience focused pay practices, and AI-enabled payroll.



Upstream processes shape payroll resilience and data integrity.



The **payroll function is a hot spot for strategy** through the wealth of data at its fingertips.



Benchmarks are the key to unlocking improvement in an organizations' payroll function.



Global trends signal what may come next for payroll in Canada, including Earned Wage Access and real-time reporting.



Executive summary

About this report. This report provides a comprehensive view of the state of payroll in Canada today and a forward-looking perspective on where it is headed. The National Payroll Institute, in collaboration with Deloitte, conducted research that combines literature review, interviews with payroll leaders, and survey insights to illuminate current practices, gaps, and emerging opportunities in the payroll industry. The objective is to equip employers, payroll professionals, technology vendors (i.e., companies that design, own, and sell a proprietary payroll software), and policy makers with actionable insight to improve compliance, efficiency, resilience, and employee experience. It also highlights a shift in payroll as a more data-driven contributor to strategic organizational decision-making.

Background. The National Payroll Institute (the Institute) is Canada's authority on payroll education, compliance and professional standards, and the key advocate for the profession. It provides designations, resources, and industry insights that help organizations strengthen readiness and leading-practice adoption. Although payroll plays a critical role and generates significant organizational data, it is often underused in strategic planning. To get a better holistic understanding of where the profession stands today and where it's headed, the Institute collaborated with Deloitte's Payroll Advisory practice, a cross-functional global team that supports organizations in payroll operations, compliance, and technology. This joint research examines the

The Bottom Line



Executive: Payroll in Canada is compliant but under-leveraged; without coordinated investment in technology, governance, and talent, organizations risk falling behind operationally and strategically.

Payroll professional: Payroll expertise is becoming more strategic, but success depends on modern tools, clearer operating models, and recognition of payroll's decision-support role.

Technology: Legacy platforms constrain insight, automation, and resilience; modern payroll technology is now foundational to compliance, scalability, and analytics.

current state of payroll in Canada, identifies opportunities for modernization, and outlines emerging trends that are expected to shape the function and profession.

Summary of key findings

- **Canada sits mid-pack in payroll maturity**, with strong compliance rigour but lagging in digitalization, cloud adoption, employee experience focused pay practices, and artificial intelligence (AI)-enabled payroll.
- **Today's AI enables targeted controls. Tomorrow's AI will be embedded into payroll operations.** Across organizations,

payroll's potential continues to outpace adoption. While transformative AI use cases are widely discussed and actively explored, most payroll teams still operate with manual, fragmented processes, creating a gap between the possibilities of the future as a result of what modern, AI-enabled payroll can deliver and what organizations are currently able to execute in practice.

- **Upstream processes shape payroll resilience and data integrity.** Payroll risk is increasing as compliance requirements grow more complex, the possibility for data exposure rises, and cross-system data flows accelerate beyond existing controls. Many organizations lack payroll-specific-tested continuity plans, creating material vulnerabilities in resilience and compliance assurance.
- **The payroll function is a hot spot for strategy.** For those who may still be focused on defining payroll as a finance function vs. HR function, it is more productive to focus and agree that while payroll does not generate revenue, it controls and protects money. Payroll has a wealth of data and analytics at its fingertips that can be used to inform leaders and organizations on workforce trends, labour costs, compliance risks, and operational efficiency. This information tends to be underutilized in many organizations, though can be effective in enabling more strategic, data-driven decision-making.
- **A significant talent gap is emerging.** Canada faces a tightening payroll talent pipeline as the workforce ages, and demand grows for professionals who combine compliance expertise with technical, analytical, and interpersonal skills. Organizations need targeted investment in upskilling areas, such

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as system literacy, cybersecurity, AI oversight, data storytelling, and change management to ensure payroll teams are equipped for the evolving landscape.

- **Benchmarks are the key to unlocking improvement.** Payroll holds substantial organizational data that can inform employee experience, resource planning, and financial insights. However, without baseline key performance indicators (KPIs), leaders cannot evaluate business cases or outcomes.
- **Global trends signal what comes next for payroll in Canada.** International developments offer a preview of emerging priorities for Canadian payroll functions, including establishing earned wage access (EWA), expanding pay transparency mandates, introducing real-time payroll reporting, accelerating cloud adoption, and deeper integration of AI. Monitoring these trends enables organizations to anticipate change, assess readiness, and proactively adapt payroll strategies before expectations and regulatory pressures intensify.

Canada's payroll landscape is undergoing meaningful change

The research shows that while Canada maintains strong compliance discipline, it continues to lag leading markets in digital maturity, automation, AI integration, and the

use of payroll data for strategic insight. At the same time, risk is increasing, data flows are accelerating, and the talent pipeline is tightening. International trends demonstrate where the function is heading, including broader access to EWA, real-time payroll reporting, expanded pay-transparency requirements, rapid cloud adoption, and deeper AI integration. Organizations that wait for these shifts to take hold, risk falling behind both operationally and competitively.


Organizations across the payroll ecosystem may consider using these findings to strengthen digital foundations, improve data quality and resilience, and develop the next generation of payroll talent. Establishing clear KPIs, automating manual processes, and elevating payroll as a source of organizational intelligence are essential steps. Canada has momentum but sustaining it will require coordinated investment to ensure the function becomes not only compliant and efficient, but insight-driven, resilient, and prepared for the future.



Conclusion

The findings of this research illustrate a payroll landscape in Canada that is evolving with purpose and momentum. While the payroll function has long served as the backbone of organizational compliance and employee trust, it is now stepping into a broader role—one shaped by expanding regulatory expectations, rapid technological advancement, shifting workforce dynamics, and an increasing focus on employee experience. Across the country, payroll teams are navigating this transformation with dedication and resilience, even as many face legacy systems, resource constraints, and growing complexity in their daily work. The optimism reflected in survey responses, interviews, and industry insights highlights not only the progress achieved to date, but the significant opportunities that lie ahead.

As this report shows, payroll is at a pivotal moment. Organizations are adopting cloud-based systems, exploring automation and AI, and striving to build stronger governance frameworks. Payroll professionals are preparing for a future that demands new skills in data analytics, technology fluency, communication, and strategic problem-solving. At the same time, critical challenges remain, such as talent shortages, increasing compliance complexity, inconsistent KPI measurement, and uneven preparedness for emerging trends such as on-demand pay, real time payroll reporting,

The Bottom Line 

Executive: Payroll is strategically critical; organizations that invest deliberately will gain resilience, insight, and trust.

Payroll professional: The profession is evolving rapidly and requires sustained investment in capability and recognition.

Technology: Modern payroll systems are the backbone of future-ready payroll functions.

and globalized workforce models. These findings underscore that while the function is advancing, intentional investment and collaboration will be essential to fully unlock payroll's strategic potential.

Industry stakeholders, including employers, government partners, technology providers, and professional bodies, each have a role to play in shaping the future of payroll. Organizations must prioritize modernization through technology, governance, and operating model enhancements, while

supporting the upskilling and career development of their payroll teams. Technology providers should continue building tools that are intuitive, secure, and grounded in payroll realities, ensuring that innovation translates to measurable value.

The path ahead is one of collaboration, innovation, and continuous learning. As payroll becomes increasingly integrated, digitized,

and employee-centric, this research reinforces that now is the time for leaders to act—to modernize systems, elevate the profession, and ensure that payroll is equipped not only to meet the demands of today, but to thrive in the future. By working together across the industry, stakeholders can build a payroll ecosystem that is resilient, data-driven, strategically aligned, and prepared to support Canada’s workforce for decades to come.





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