

Insight reveals the top 3 ways payroll is benefitting from innovation

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Three factors are driving the growing levels of innovation within the payroll sector. That's according to an analysis by CloudPay.

The global pay specialist's Payroll Efficiency Index (PEI) Report found that the sector as a whole is benefitting from technology-led innovation. The report revealed that first-time approvals (FTAs) have reduced, along with reductions in both data input issues (DII), and the number of issues per 1000 payslips (I/1000).

This combination of KPI changes strongly suggests that increased innovation is helping payroll teams to detect and resolve problems immediately, resulting in fewer inaccuracies.

According to CloudPay, the top three factors behind this evolving environment are:

- **Integration:** More firms are realising the benefits of integrating payroll systems with other related areas, like payments and HCM platforms. This means data is rationalised and synchronised around multiple systems that are unified around a single source of information, meaning the risk of data duplication and inconsistencies is drastically reduced.
- **Alternative payment options:** The growth of pay options like 'pay-on-demand' (or earned wage access) and 'pay-to-card' have helped to drive payment timeliness up to 99.28% in the PEI report. Together, these technologically backed pay options are contributing to improving visibility and control.
- **AI and machine learning:** Increased complexity in payroll has created more intense workloads and additional administrative burden for professionals.

This has subsequently led to teams becoming more pressured and therefore more likely to make mistakes. However, this is being offset by the growth in artificial intelligence and machine learning technology which can lighten the load and manage more repetitive and mundane pay processes, freeing up experts' time for more complex and high-value tasks. This explains why the rate of issues per 1000 payslips has fallen by 35% since 2019, and shows the potential role that AI can play within payroll.

John Pearce, Chief Customer Officer at CloudPay, commented.

"It's clear that payroll is really benefitting from the growing role that technology is playing in day-to-day processes and it benefits all parties that fewer errors are being made, and more of those that are still happening are being picked up at validation stages. Technology's role within pay will only grow in the coming years, so outcomes will likely improve and evolve further. Areas like natural language processing, for example, will increasingly be able to process unstructured documents that have previously required manual input. Organisations must capitalise on the benefits that technology and innovation play, and push forward with digital transformation to ensure they can support this change in the future."