

2025 Deel Singapore Payroll Report

Why compliance and operational
strain threaten payroll resilience



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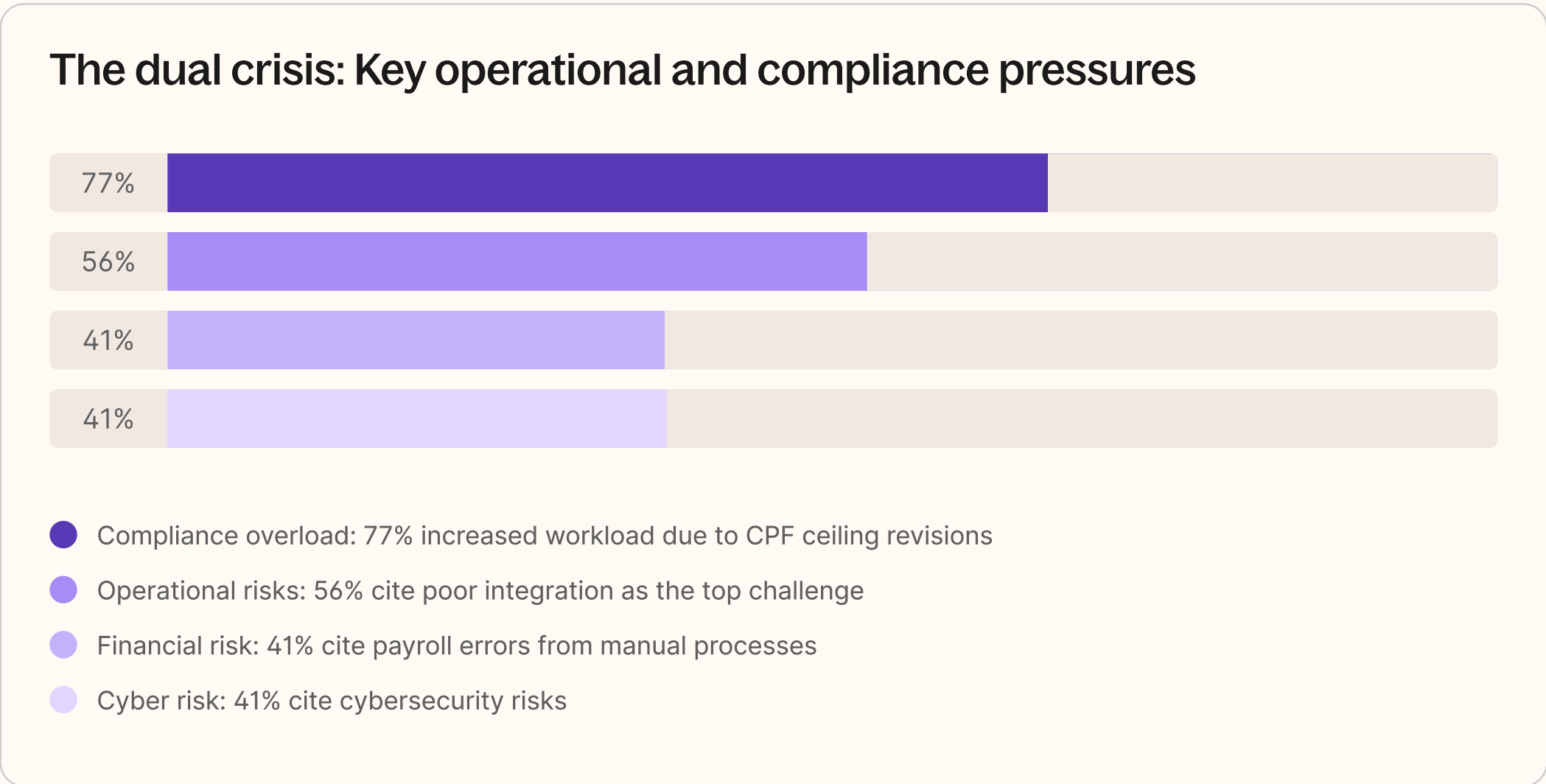
The crossroads of complexity

Singapore’s payroll landscape stands at a defining crossroads, balancing relentless compliance demands against rising expectations for flexibility and transparency. Payroll teams are under pressure to deliver both accuracy and agility while supporting a financially stressed workforce that increasingly views pay as a lifeline rather than a formality.

Research commissioned by Deel in July 2025 identifies compliance overload and operational risk as the two key sources of strain. The 2025 Deel Singapore Payroll Report examines the operational realities of payroll across organisations of varying sizes, while the complementary 2025 Deel Singapore Payday Expectations Report explores employees’ attitudes towards pay accuracy, speed, and financial wellbeing.

Together, these studies reveal a payroll function caught between intensifying regulatory complexity and growing workforce demands, representing a critical intersection of compliance, finance, and employee experience.

They provide a unified picture of a payroll function under strain, which must reconcile compliance and control with empathy and employee empowerment.



A significant majority of organisations (77%) report heavier workloads following the phased Central Provident Fund (CPF) monthly salary ceiling revisions. This pressure is compounded by fragmented systems, with 56% of payroll teams citing poor integration between payroll, HR, timekeeping, and finance platforms as their top challenge in improving compliance, accuracy, and efficiency.

This operational strain translates directly to financial risk. Forty-one percent of organisations identify payroll errors linked to manual processes as a major threat, while another 41% cite cybersecurity risks to sensitive payroll and banking data. These findings highlight a function under mounting stress, one that must modernise to safeguard compliance, reinforce trust, and sustain resilience.

Yet the urgency for change extends beyond compliance. Beneath the operational strain lies a second pressure point, which is Singapore's financially vulnerable workforce. Employees are no longer passive recipients of pay and are demanding faster, fairer, and more transparent systems that support their day-to-day financial needs. The growing gap between employee expectations and payroll's current limitations highlights why flexibility has become both a strategic business priority and a core employee mandate.

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From back office to strategic service

Payroll is evolving rapidly from a back-office administrative task into a strategic, mission-critical function. This transformation is driven by a twin crisis: escalating complexity for internal payroll teams and growing demands for flexibility from a financially pressured workforce. The convergence of these forces makes modernising payroll not optional, but a crucial step for mitigating operational risk, ensuring compliance, and securing talent.

For payroll leaders, the internal operational reality is one of intense pressure and stretched resources. Complexity is particularly high, with 68% of Singapore payroll teams managing cross-border payroll for international operations, yet these teams are often lean. Among small and medium-sized enterprises (SMEs), 76% have fewer than 10 staff overseeing payroll globally, while the figure rises slightly to 80% for mid-market enterprises. These lean structures must manage multi-jurisdictional compliance, currency conversion, and tax obligations, often without the benefit of robust automation or integrated systems, a situation that magnifies both risk and administrative load.

This operational stress is further compounded by escalating regulatory demands, including the phased Central Provident Fund (CPF) monthly salary ceiling revisions, which have added to administrative workloads for 77% of organisations. Under these pressures, systemic weaknesses become critical threats. More than half of all payroll leaders (56%) identify poor integration between payroll, HR, finance, and timekeeping systems as their most pressing challenge in achieving compliance and accuracy.

This fragmentation carries measurable financial risk, with 41% of organisations citing the potential for payroll errors arising from manual processes. In an increasingly data-driven business environment, such weaknesses not only expose compliance gaps but also restrict leadership's ability to make informed, real-time workforce and cost decisions.



Top five challenges for payroll leaders in achieving compliance and accuracy



The impact of these operational gaps is felt directly by employees, reinforcing the urgency for change. Half of Singapore’s employees report that they are struggling financially or just getting by, viewing their pay as a vital financial service rather than a simple administrative transaction. This reality fuels demands for flexible access to wages, with 74% of employees indicating they would consider on-demand pay if offered through a secure employer-provided platform. For payroll teams, this marks a profound shift in expectations. Accuracy and timeliness are now baseline requirements, while flexibility, transparency, and accessibility define excellence.

The findings throughout this report aim to equip HR and finance leaders with the insight and data necessary to navigate these intertwined challenges, highlighting that strategic investment in both technology and talent support is essential to transform payroll into a fully integrated, reliable, and employee-centric service. By embracing this approach, organisations can set the foundation for Payroll as a Service by 2030, an operating model where payroll is not just processed, but optimised as a strategic engine of trust, compliance, and engagement.

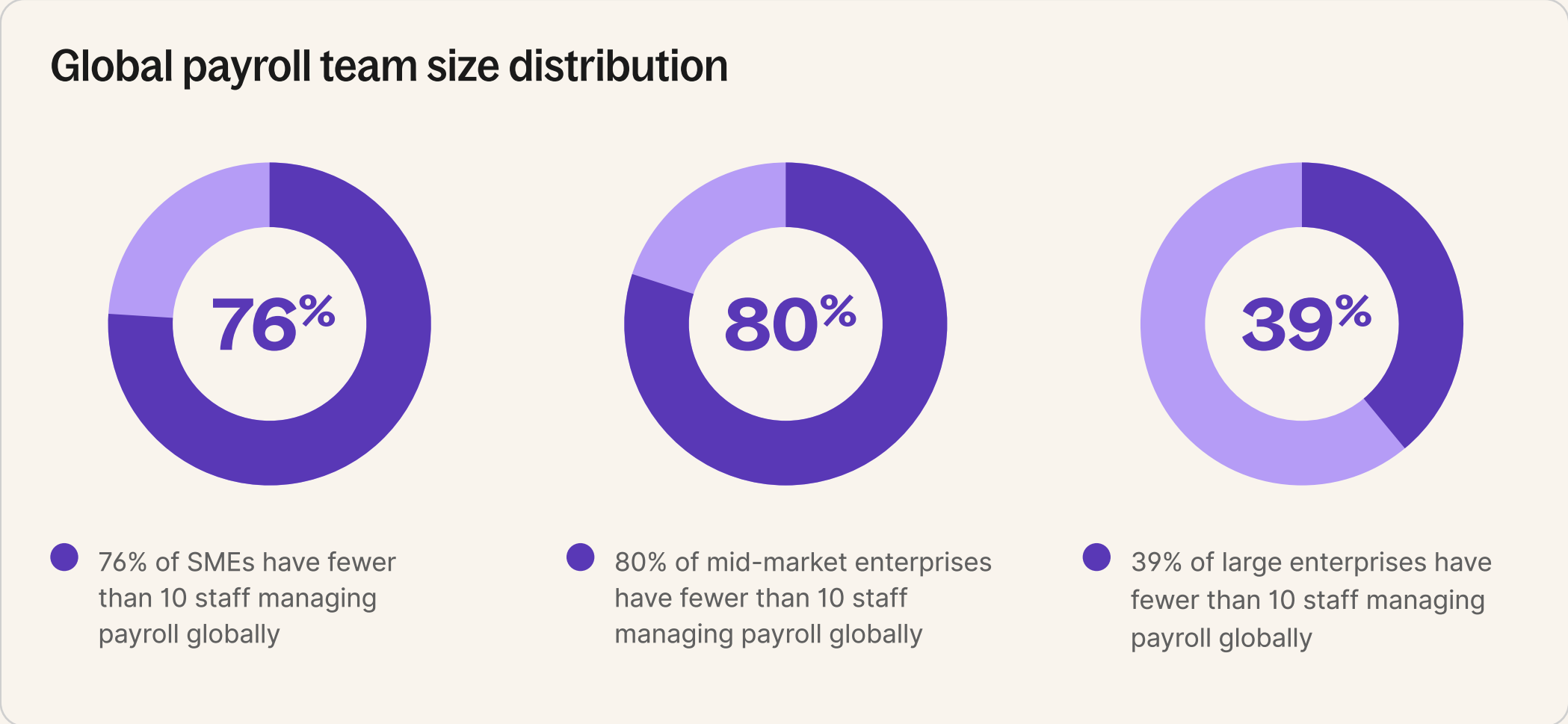
The operational workload crisis: Talent and staffing

The current state of Singapore payroll is defined by overwhelming workloads and significant staffing deficits, creating a capacity crisis that prevents timely and accurate processing. This intense operational strain limits payroll teams' ability to adapt to regulatory change, scale with business growth, and meet the growing employee demand for flexibility and reliability in pay.



Global reach vs. lean teams

Singapore payroll teams remain lean despite managing highly complex and often international operations. The majority of organisations maintain global operations, with 68% of payroll teams handling overseas payroll for employees based in multiple countries.



Yet staffing structures are severely constrained. Among small and medium-sized enterprises (SMEs), 76% have fewer than 10 staff managing payroll globally, while 80% of mid-market enterprises operate similarly. Only 39% of large enterprises maintain teams this small, underscoring how even better-resourced organizations face limitations when balancing headcount against operational complexity.

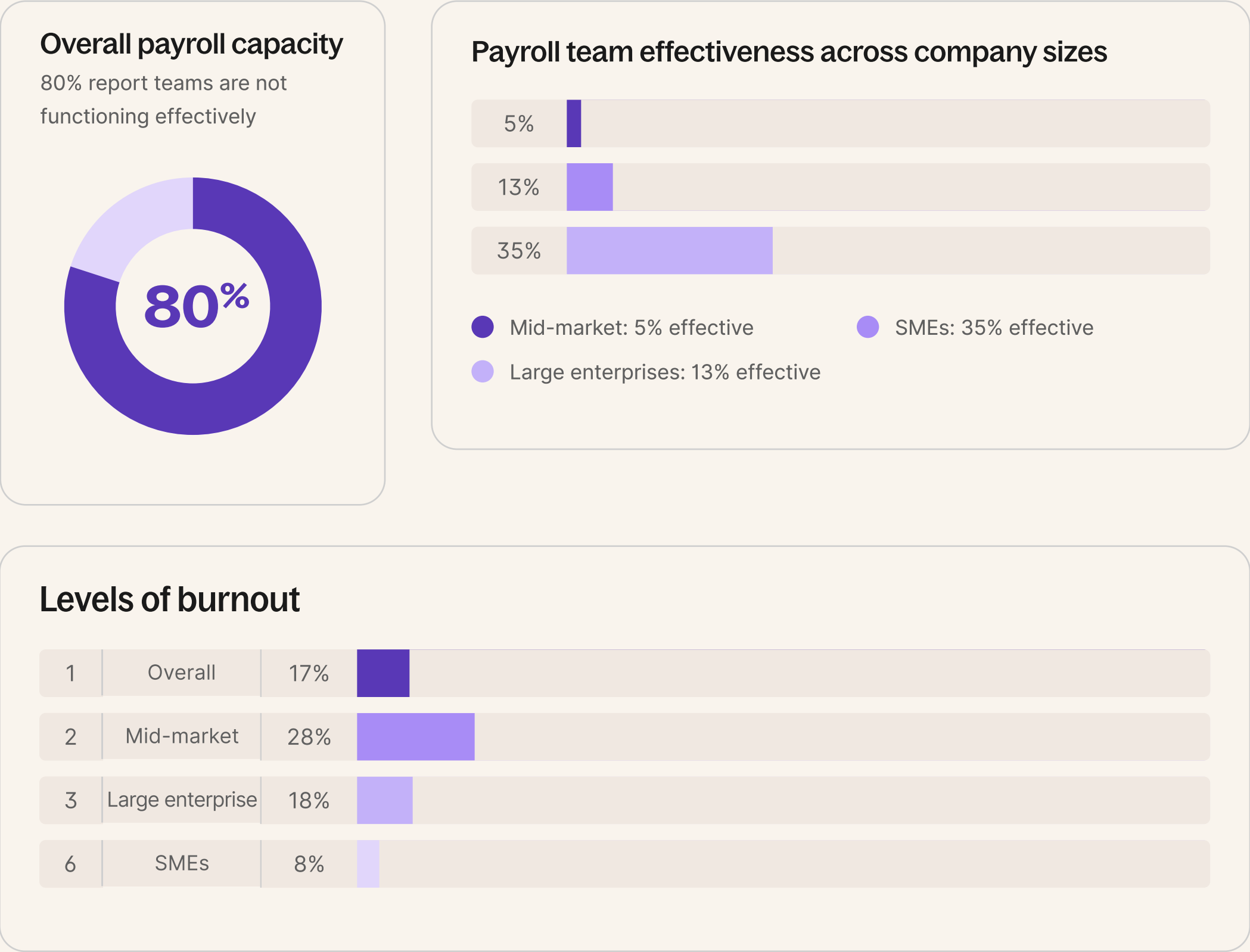
Despite the demands of managing multi-jurisdictional payrolls, outsourcing remains uncommon. Only 3% of organizations delegate cross-border payroll to external providers. Among organizations with international operations, 68% rely on the same internal teams to manage multiple countries, forcing small groups of payroll professionals to juggle competing deadlines, complex local regulations, and currency or policy changes simultaneously. This concentrated responsibility places extreme pressure on teams and increases the likelihood of errors, burnout, and compliance breaches.



Burnout and staffing deficits

High complexity combined with limited human resources has led to widespread underperformance, burnout, and critical retention risks across the sector. Deel’s research shows that payroll capacity is critically overstretched: 80% of organisations report their payroll teams are not functioning effectively. Mid-market enterprises are the most strained, with only 5% reporting their teams perform effectively, while SMEs fare best at 35%, compared to 13% of large enterprises. These figures not only reflect resourcing gaps, but also the systemic fatigue that has accumulated from years of managing manual processes and compliance changes without the necessary technological or organisational support.

Payroll team functionality and burnout signs



Overall, 17% of payroll professionals report signs of burnout. This is particularly pronounced in mid-market enterprises, affecting 28% of teams, while SMEs report only 8%, and large enterprises 18%. Burnout at this scale does not simply reduce productivity. It undermines accuracy, decision-making, and institutional knowledge, weakening payroll’s role as a stable operational foundation for the business.



Recruiting and retaining qualified payroll talent remains a pressing challenge for 52% of organisations, with the largest enterprises feeling this pressure most acutely. Sixty percent rank it among their top five challenges, and 37% cite it as one of the top three operational risks in 2025. The scarcity of skilled professionals capable of managing both local and cross-border payroll complexities exacerbate workload imbalances, reinforcing a retention problem that undermines organisational capacity to maintain compliance and meet employee expectations.

The cost of errors

The operational strain caused by understaffing drives higher error rates, creating significant financial and compliance risks. Already, 15% of organisations report that heavy payroll workloads and limited staffing have resulted in mistakes, while 26% are actively recruiting for payroll roles to bridge existing capacity gaps. Each error represents more than an isolated incident and can trigger costly back-pay corrections, erode employee confidence, and even invite regulatory scrutiny.

Jobstreet data reinforces this growing demand for payroll expertise, with more than 3,000 payroll-related job listings in Singapore as of October 2025. This talent deficit underscores that the payroll workload crisis is not simply a human resources issue, but a fundamental operational vulnerability that exposes organisations to financial loss and reputational damage if left unaddressed.

Organisational response: Headcount and outsourcing

To alleviate the payroll capacity crisis, many organisations are pursuing immediate resource expansion, though strategies differ between local and international operators. Over the next 12 months, 37% of companies plan to increase payroll headcount. The pressure is particularly pronounced for organisations with international operations, 42% of which intend to expand their teams compared with just 15% of Singapore-only organisations.

In parallel, nearly a quarter of organisations (23%) are using outsourcing as a stopgap to supplement limited in-house capacity. While adding headcount and leveraging outsourcing may provide short-term relief, these measures highlight that the sector continues to face a structural talent shortage. Sustainable and long-term solutions anchored in modern technology, clearer career pathways, and supportive leadership are urgently needed to stabilise and strengthen payroll functions, ensuring resilience against operational pressure and regulatory complexity.

Escalating compliance and regulatory burden

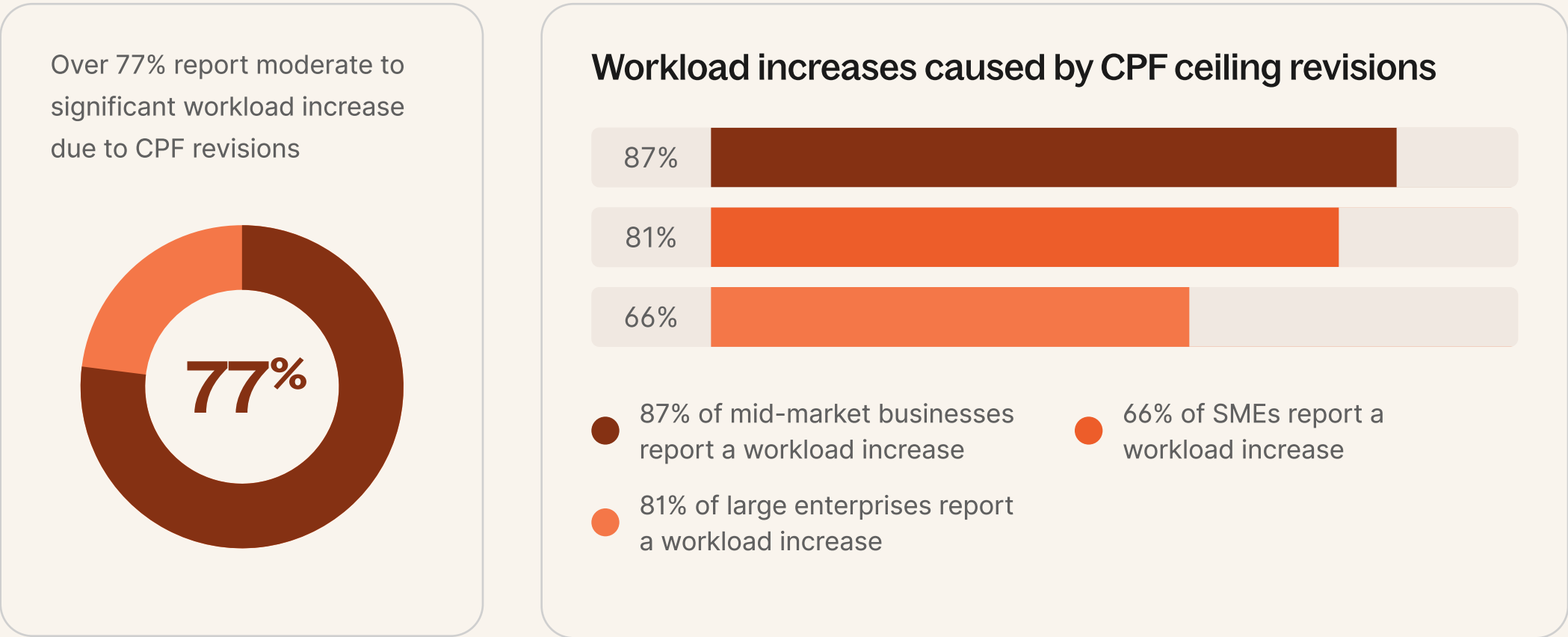
Regulatory demands in Singapore are rapidly increasing the complexity of payroll management, placing immediate pressure on operational resources and stretching already lean payroll teams. Compliance complexity is cited as a top five challenge by 54% of organisations overall, and by an even higher proportion (62%) of small and medium-sized enterprises (SMEs). Payroll leaders must now navigate not only significant local policy changes but also ensure compliance across increasingly global operations, creating a dual layer of operational strain that compounds existing system and staffing pressures.



The CPF ceiling effect

The phased increase in the Central Provident Fund (CPF) monthly salary ceiling, scheduled to conclude in 2026, has emerged as the most pressing administrative burden for Singapore organisations. The adjustment, which raises the maximum monthly salary subject to CPF contributions in four stages between 2023 and 2026, requires employers to update payroll configurations, recalculate contribution rates, and communicate changes to employees with each phase.

Impact of CPF ceiling revisions on workload



The operational impact of this regulatory change has been substantial, with 77% of organisations reporting a moderate to significant increase in payroll workload following the CPF ceiling revisions. This increase not only reflects the recalibration of payroll systems and documentation, but also the ripple effect of ensuring accuracy across multiple payroll cycles, reviewing employee communications, and aligning with finance and compliance stakeholders.

The burden is unevenly distributed across organisations. Mid-market enterprises are the most affected with 87% reporting a moderate or significant workload increase, followed by large enterprises at 81%. SMEs, while comparatively less strained, still experience considerable impact, with 66% reporting a rise in workload. For many, the CPF ceiling revision has become a case study in how incremental regulatory changes can magnify operational complexity when legacy systems and manual processes dominate payroll operations.

The strain is further amplified among organisations with international operations. Among these, 82% report a moderate to significant rise in administrative demands, compared to just 52% of Singapore-only operations. Integrating local regulatory changes into multi-jurisdictional payroll systems compounds the complexity, demonstrating why compliance continues to rank as a core challenge in improving overall payroll efficiency and effectiveness.

Flexible work arrangement readiness gap

Beyond statutory funds, Singapore's evolving labour policies are introducing new layers of compliance expectations that directly intersect with payroll operations. With the tripartite guidelines on flexible work arrangement (FWA) requests coming into effect in December 2024, organizations must ensure they can fairly evaluate and process formal requests for flexi-place, flexi-time or flexi-load arrangements.

However, readiness for payroll operations to respond to approved FWAs remains inconsistent. Fewer than half of organizations (46%) report being fully prepared, while 48% are only partially ready. Interestingly, smaller entities report higher confidence in adapting to these frameworks. Among SMEs, 51% consider themselves fully ready, compared to 44% of mid-market enterprises and just 41% of large enterprises.

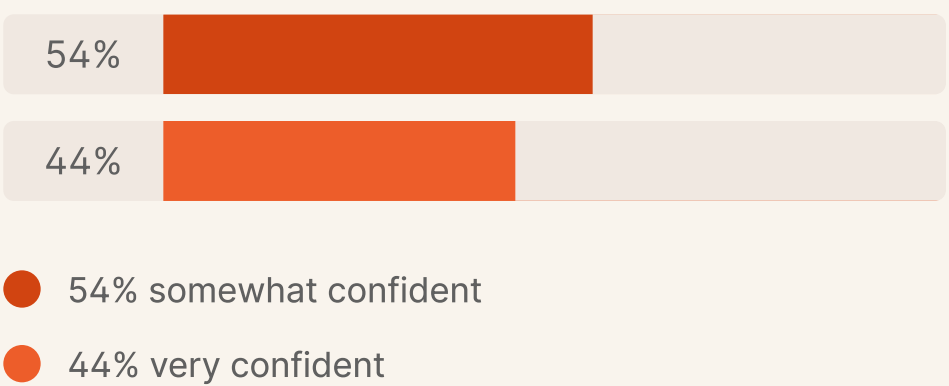
This pattern suggests that, while larger organizations grapple with more complex internal systems and policies, SMEs benefit from agility and clearer communication channels, allowing them to adjust payroll processes more efficiently. Nonetheless, as flexible work becomes institutionalized, payroll functions will be expected to account for variable hours, hybrid schedules, and location-based allowances with greater precision, increasing the need for digitalization and integrated systems.

Multi-country compliance risks

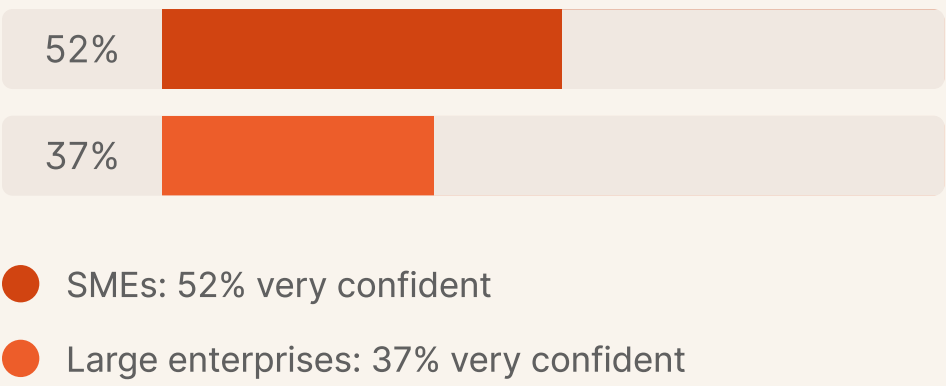
For most Singaporean payroll teams, compliance responsibilities extend beyond local regulations, yet confidence in navigating international payroll frameworks is mixed. Although 68% of payroll teams manage overseas payroll, fewer than half (44%) feel very confident that their team has the knowledge and resources necessary to ensure compliance in every country where employees are paid.

Confidence in multi-country payroll compliance

Overall confidence levels



Confidence levels by company size



The remaining majority presents a clear risk factor. Over half of organizations (54%) report being only somewhat confident, revealing existing knowledge or resource gaps, while a small minority (2%) admit they actively struggle to maintain full compliance across countries. Notably, confidence levels are inversely correlated with organization size. SMEs report the highest level of compliance confidence (52% very confident), whereas large enterprises show the lowest (37% very confident).

This disparity suggests that, despite having greater resources, larger organizations face more complex compliance landscapes and greater exposure to evolving international regulations. Addressing these challenges requires more sophisticated compliance solutions, since deficiencies in global payroll expertise contribute directly to operational and reputational risk. As Singapore’s role as a regional business hub grows, the cost of getting compliance wrong is rising sharply, transforming payroll accuracy and cross-border consistency into critical components of enterprise resilience.

The integration deficit: Operational risk and financial exposure

Fragmented technology stacks and outdated processes form the core structural weakness undermining payroll resilience in Singapore. Despite the availability of modern, integrated solutions, many organisations still rely on manual data handling and batch file transfers, creating critical friction points that translate directly into financial loss, compliance gaps, and widespread operational risk.



Integration as the top systemic challenge

Weak integration between core enterprise platforms is the most pervasive technological challenge confronting payroll departments in Singapore. Across all sectors, 56% of payroll teams cite poor integration between payroll, HR, timekeeping, and finance systems as their primary obstacle to improving compliance, accuracy, and overall operational effectiveness.

This challenge cuts consistently across organizational sizes, suggesting it is systemic rather than localized. Large enterprises report the issue most frequently at 59%, while both SMEs and mid-market organizations follow closely at 55%. Reliance on disconnected systems forces payroll teams to rely heavily on manual intervention, which increases the likelihood of errors, delays, and inefficiencies. Over time, these gaps compound to create fragile systems that cannot keep pace with policy changes, compliance audits, or workforce expansion. This exposes payroll to recurring breakdowns that can ripple across the organization.

This fragmentation also prevents payroll teams from functioning as strategic partners within the business. Without seamless data exchange, payroll remains isolated from HR and finance, undermining the ability to forecast labour costs, analyse workforce trends, or generate real-time compliance insights. In a business environment defined by speed and data transparency, this lack of integration represents a structural liability that extends well beyond the payroll function itself.

Financial risks associated with current systems

The inability to achieve seamless data flow transforms operational shortcomings into significant financial threats. The Deel payroll survey identifies two critical risks arising directly from manual processes.

The integration deficit: Operational risk and financial exposure

Key financial risks:



First, 41% of organisations flag payroll errors caused by manual tasks, such as variance tracking or bank file generation, as a top financial concern. This risk is even more pronounced among companies operating solely within Singapore, where the figure rises to 50%, highlighting the vulnerability of local entities that often lack the scale and resources to invest in advanced systems or automation.

Second, cybersecurity risks remain an equally pressing concern, with 41% of organizations citing potential threats to sensitive payroll or bank data. SMEs feel this exposure most sharply, with 44% indicating it as a key risk, compared to 38% of mid-market firms and 40% of large enterprises. Smaller organizations tend to operate with leaner IT infrastructure and fewer dedicated security resources, making them especially vulnerable to breaches, phishing attacks, and unauthorized data access.

Beyond errors and data security, inefficiencies from repetitive manual work represent another hidden financial drain. Overall, 37% of organizations report wasted payroll staff time as a key financial risk, with 43% of large enterprises naming it as a primary concern. For larger organizations, the sheer transaction volume magnifies the cost of inefficiency, turning what may appear to be administrative delays into substantial financial liabilities. Over time, these inefficiencies not only inflate payroll costs but also distract valuable human resources away from analysis, strategy, and employee engagement.

Key operational risks in 2025

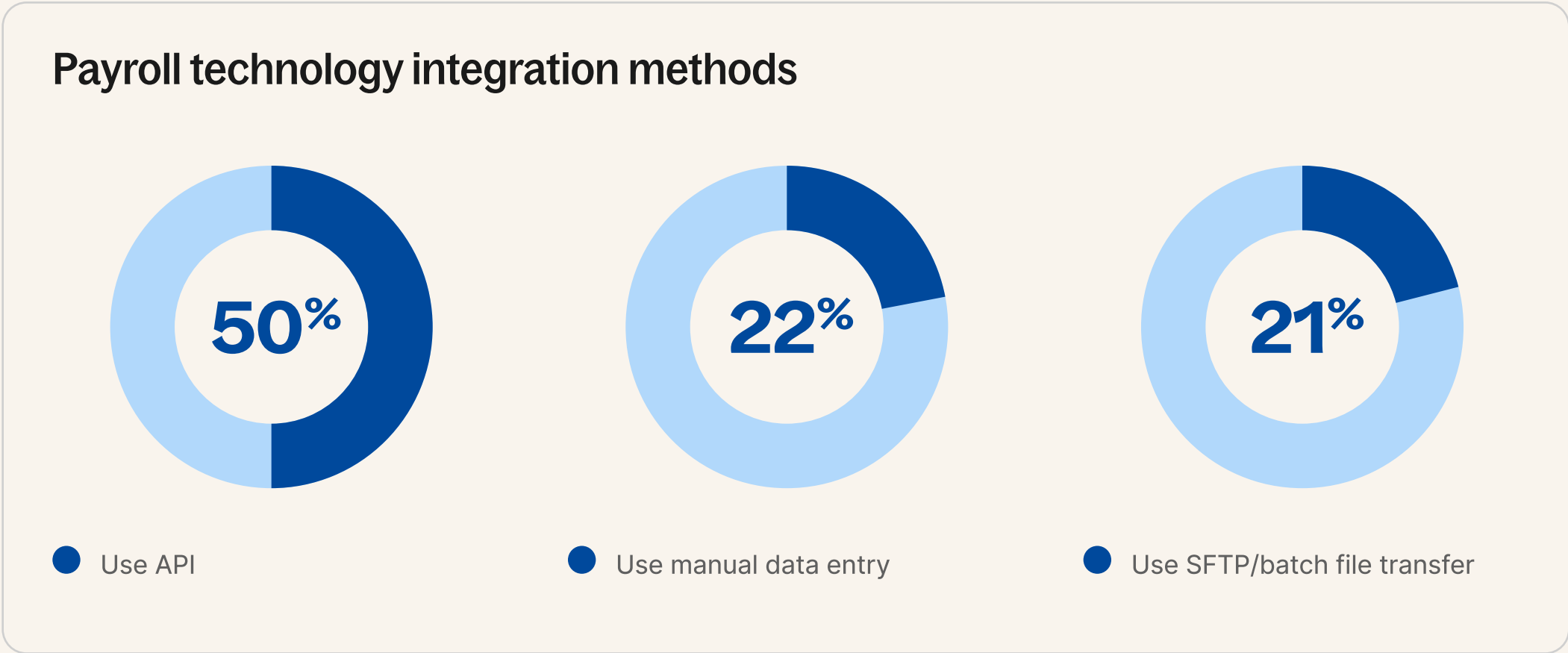
Looking ahead, payroll leaders identify systemic and technology-driven threats as the most critical operational risks for 2025 and beyond.

Data security issues top the list, cited by 37% of organisations overall and rising to 44% among large enterprises, compared to 34% of SMEs. Manual processes requiring excessive intervention follow closely at 32%, while 31% highlight poor integration between payroll, HR, and finance systems.

Taken together, these findings show that the biggest threats to effective payroll operations are internal and structural, and are rooted in outdated processes, fragmented systems, and weak data governance. The persistence of these issues indicates that many organizations remain stuck in reactive mode, focusing on error correction rather than proactive optimization. Without addressing the underlying integration deficit, the entire payroll ecosystem remains exposed to cyclical breakdowns, escalating financial risk, and declining employee confidence.

High-risk data flow

Despite widespread awareness of these risks, many organisations continue to rely on delayed, high-risk methods to transfer payroll data, revealing a striking digital maturity gap. Only half of organisations currently use application programming interfaces (APIs) to connect payroll systems with their human resource information system (HRIS) or accounting platforms to enable automated, real-time data flow.



The other half continues to depend on slower, error-prone methods. Among these, 22% rely on manual data entry or file uploads, while another 21% use secure file transfer protocol (SFTP) or batch file transfers. Manual processes are particularly common among Singapore-only firms, 35% of which still depend on manual entry.

Mid-market enterprises, meanwhile, disproportionately rely on legacy file transfers, with 31% using SFTP or batch uploads. These outdated practices not only slow down payroll cycles but also increase the risk of human error, duplication, and security batches, compounding the compliance and workload pressures already straining payroll teams.

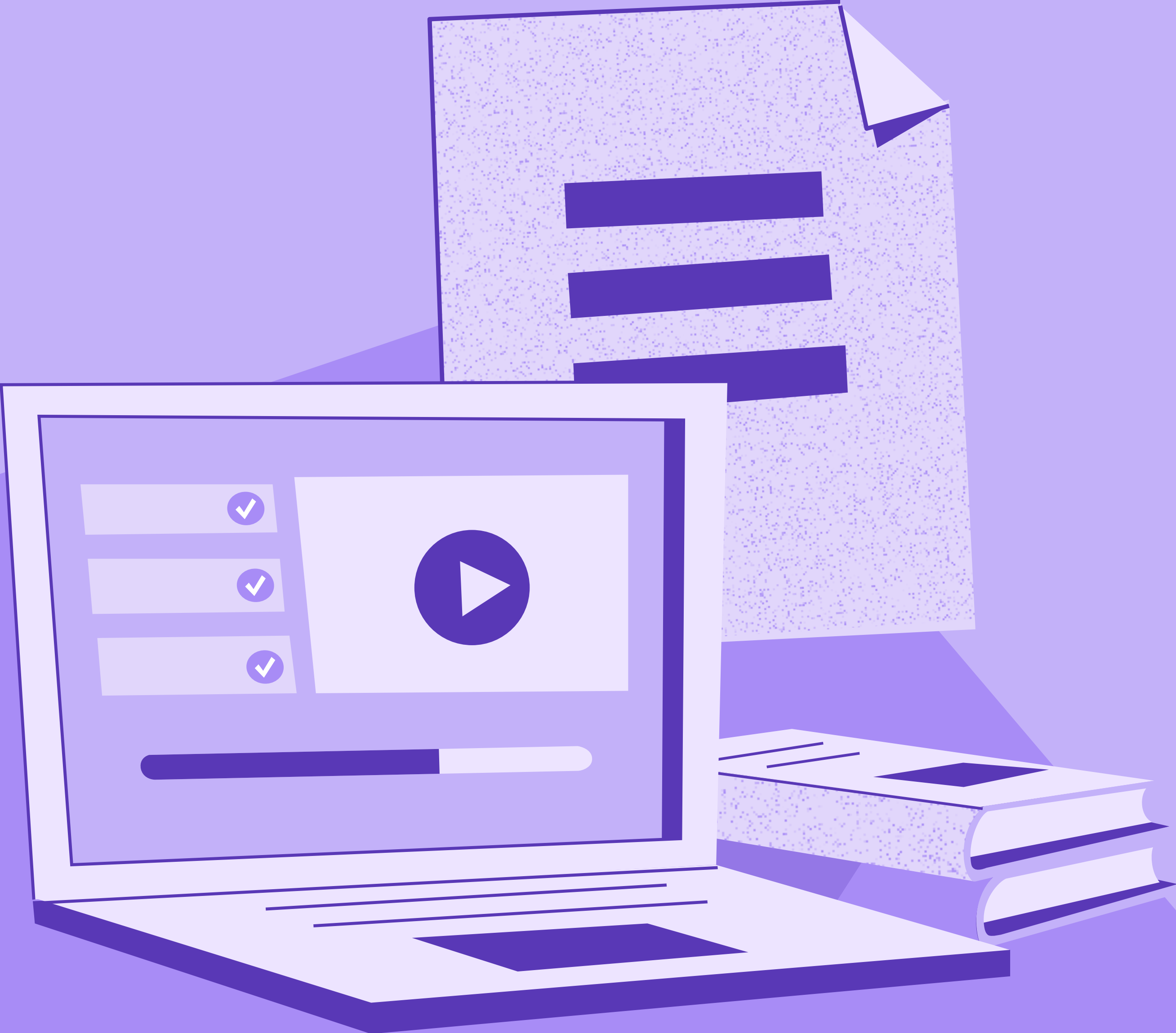
Erosion of trust

The structural fragility of payroll systems ultimately extends beyond operational efficiency to affect the employee experience and erodes trust in the organisation. When employees experience pay delays, inaccuracies, or inconsistent communication, confidence in their employer declines, even when the cause lies deep within outdated systems rather than poor intent.

Thirty percent of organisations now recognize payroll delays or mistakes as a major operational risk precisely because of this link between system failure and workforce sentiment. Employee dissatisfaction, once considered an HR concern, has evolved into a measurable business risk with implications for retention, reputation, and engagement.

In this way, the integration deficit is a cultural and strategic issue and not just a technical shortfall. Every payroll error, delay, or compliance failure chips away at the trust and transparency that underpin the employer-employee relationship. For forward-looking organisations, investing in integrated, automated systems is no longer about convenience or efficiency. Instead, it is a business necessity to preserve workforce confidence, reduce risk exposure, and enable the seamless, data-driven payroll ecosystem that the modern economy demands.

The employee experience mandate



The impact of employee expectations

The operational strain and system fragility outlined in earlier chapters directly conflict with the modern employee's expectation of a seamless, reliable pay experience. What was once an internal administrative challenge has now become an external risk, as 30% of organisations cite employee dissatisfaction caused by payroll delays or mistakes as a major operational concern. The employee experience has therefore become the defining benchmark of payroll performance, transforming it from a back-office task into a strategic touchpoint of workforce engagement and trust.

This convergence between operational capability and employee sentiment underscores the new reality that payroll is no longer invisible. Employees now equate timely, accurate pay with organisational integrity. When errors occur, they are felt personally and remembered collectively, not as isolated mistakes but as signs of an organisation's reliability. As such, the payroll experience has evolved into a barometer of how much employers respect their people's time, effort, and financial stability.

Financial vulnerability driving demand

Financial stress among Singapore's workforce is reshaping expectations of payroll as a service. According to the 2025 Deel Singapore Payday Expectations Report, half of employees say they are either struggling or just getting by financially. Under such pressure, salaries are no longer viewed purely as compensation. Instead, they represent a critical financial lifeline that must be predictable, transparent, and immediately accessible when needed.

This shift places new urgency on payroll reliability and timelines, positioning payroll not merely as a transactional process but as a frontline enabler of financial wellbeing. In a climate where some employees could not sustain their current lifestyle for more than three months without regular income, the reliability of pay has become as important as the amount itself.

The majority struggling to keep pace

Rising living costs are eroding the financial resilience across the workforce.

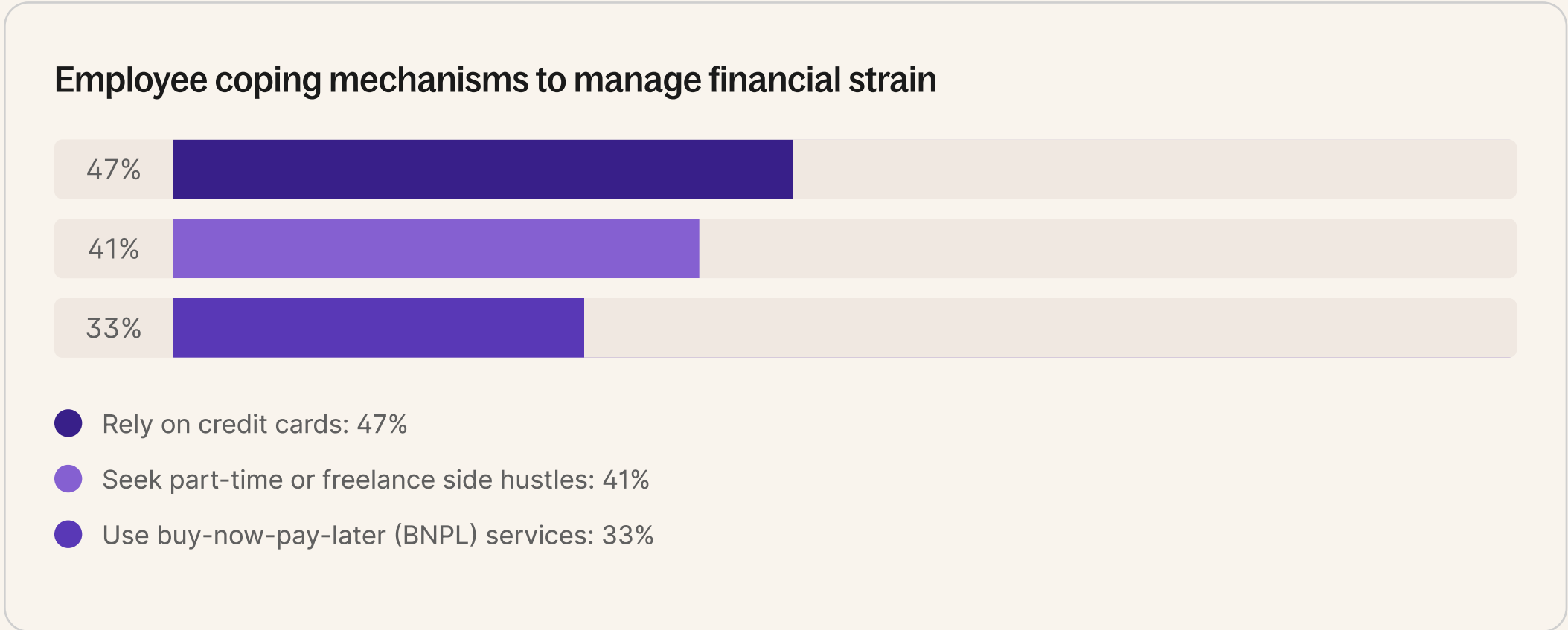
A vast 87% of office employees say their wages are failing to keep pace with inflation, and only one in seven (14%) say they are living comfortably. Millennials are hit hardest, with just 8% reporting that their pay has increased enough to match inflation, lagging all other generations. This generational vulnerability is particularly concerning because younger employees represent the future workforce and their dissatisfaction signals a potential long-term retention issue.

Overall, two in five employees (42%) report they could not sustain their current lifestyle for more than three months without regular income, while 13% admit they could not even cover one month of expenses if unemployed.

The erosion of financial resilience also affects productivity and engagement. Employees under financial stress are more likely to report reduced focus, higher absenteeism, and greater job-search activity. This creates a self-reinforcing cycle, where payroll inefficiencies that cause stress combine with financial strain to amplify employee sensitivity to even minor delays or errors.

Coping mechanisms and external reliance

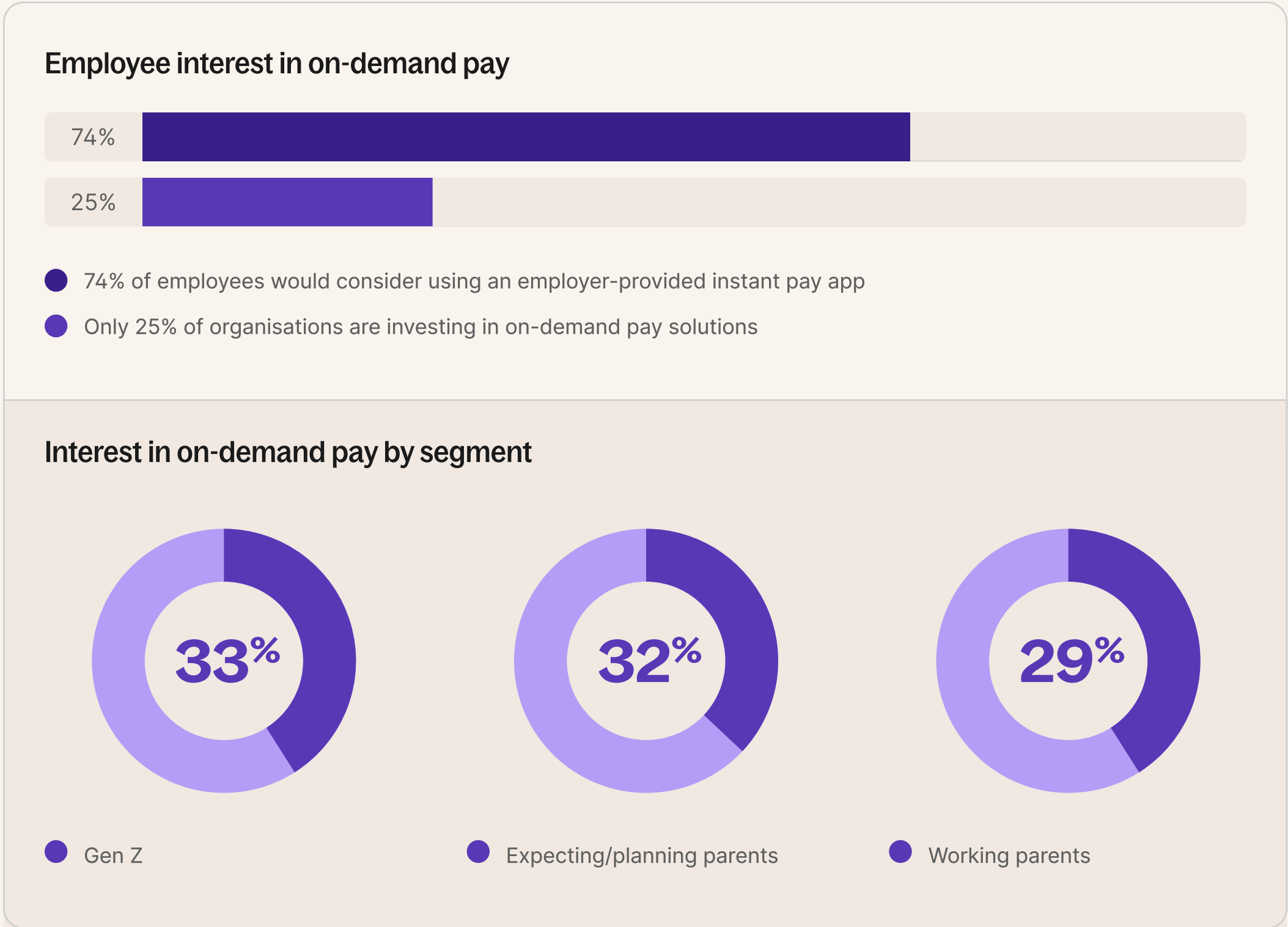
In the face of rising financial pressure, employees are turning to external, often high-cost sources to bridge gaps between fixed pay cycles and unexpected expenses. Nearly half (47%) rely on credit cards, including cash advances or deferred payments. A third (33%) turn to buy-now-pay-later (BNPL) services, while 41% seek part-time or freelance side hustles to make ends meet. These coping mechanisms signal that payroll rigidity in the form of the traditional monthly cycle no longer aligns with how employees manage liquidity in a high-cost environment.



The growing dependence on short-term credit reveals a structural gap that employers are uniquely positioned to address. Organisations that embed financial tools and flexibility into payroll processes, such as on-demand pay or integrated saving options, can reduce employee stress and differentiate themselves as employers of choice.

On-demand pay: The gap between interest and investment

On-demand pay has emerged as the clearest expression of this demand for flexibility. It allows employees to access already-earned wages instantly, redefining the traditional concept of “payday”. Nearly three in four employees (74%) say they would consider using an employer-provided instant pay app, and 83% believe the concept would be beneficial. Interest is highest among financially sensitive groups: 33% of Gen Z employees, 32% of expecting or planning parents, and 29% of working parents express strong interest, recognising on-demand pay as a means of maintaining household liquidity between pay cycles.

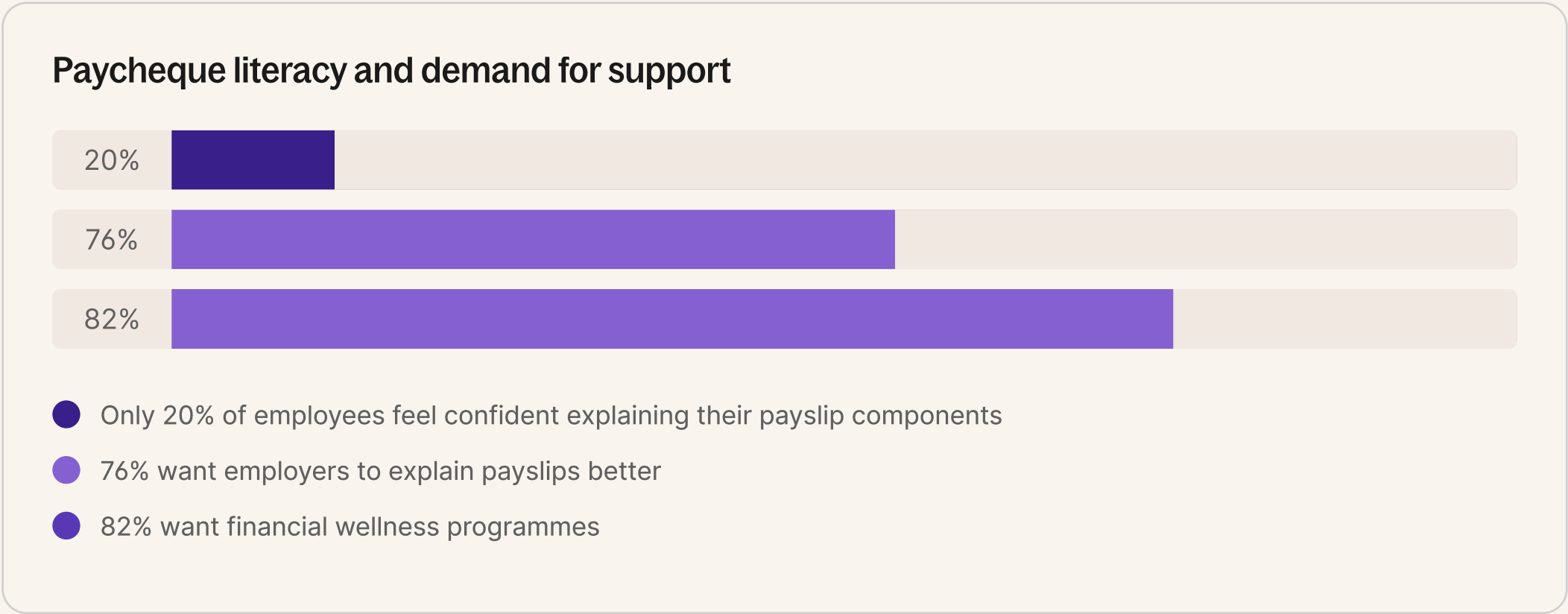


Despite this enthusiasm, employer adoption remains low. Just one in four organisations (25%) currently invest in on-demand pay solutions, revealing a striking mismatch between employee demand and organisational action.

For employers, this represents not merely a missed benefit opportunity but a potential engagement gap. Offering flexible pay options could help retain talent, improve morale, and signal that the organisation understands and is willing to address the financial realities of modern work.

The transparency and clarity gap

Beyond flexibility, employees also demand clarity. The fragility of payroll systems has created widespread confusion about pay structure and deductions. Only 29% of employees feel very confident explaining their payslip components such as CPF contributions, insurance premiums, and tax withholding. The struggle to interpret traditional pay formats is most acute among Gen Z employees (29% are confused or not confident) and Millennials (22% are confused or not confident), indicating that a new generation of digitally savvy employees still struggle to interpret traditional pay formats.



More than three in four employees (76%) believe their employers could do more to help them understand payslips and deductions, with the call for guidance especially high in the tech (81%) and finance sectors (80%). Simultaneously, an overwhelming 82% of employees want employers to provide financial wellness programmes as part of payroll.

The absence of communication channels compounds the problem further. More than a quarter of employees (27%) report not knowing who to contact for payroll-related questions. These findings highlight that modern payroll systems must not only be accurate but also communicative, delivering clear information through accessible digital channels.

Customisation and flexibility

Employees are increasingly rejecting the one-size-fits-all model of compensation, seeking instead to tailor pay packages and benefits to their personal circumstances. Fifty-seven percent prefer a higher salary with fewer benefits, a sentiment felt most strongly among those in large enterprises (62%). More than half of employees (54%) prefer a customisable mix of salary, leave, and benefits, highlighting the appetite for greater personalisation in compensation structures. Flexibility has become a negotiable currency, with nearly one in four (24%) employees saying they would accept a lower salary in exchange for remote or hybrid work arrangements, especially parents and those planning families.

Beyond cash, non-traditional forms of compensation are gaining traction. Sixty-nine percent of employees say they would accept part of their salary in alternative assets such as stocks, shares, or equity (46%), employer-backed rewards or loyalty points (34%), or cryptocurrency (28%). These preferences underline a fundamental redefinition of value, with employees now seeking control and customisation as key elements of their pay experience.

In this environment, payroll modernisation becomes not only a technological upgrade but a trust-building strategy. Organisations that provide flexible access, transparent communication, and personalised compensation options will not only meet compliance obligations, but also reinforce a culture of reliability, empathy, and respect, which are key cornerstones of the employee experience.

Modernisation roadmap



Technology, AI, and futureproofing

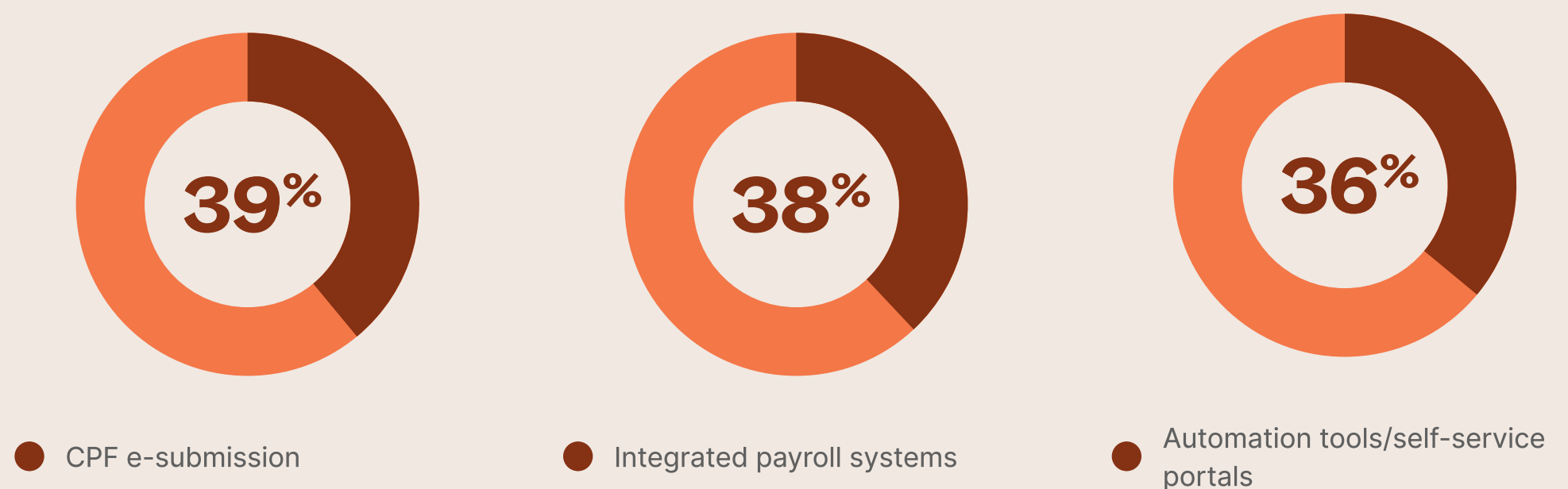
The challenges outlined so far reveal a payroll function weighed down by legacy systems, fragmented processes, and insufficient human capacity. The limitations not only slow compliance and elevate financial risk but also erode employee confidence. To move beyond these limitations, payroll leaders must embrace a clear, future-focused roadmap built around three pillars: integrated technology, targeted automation, and sustained investment in talent support. This is no longer a question of convenience or incremental improvement and is a question of organisational resilience and long-term competitiveness.

Encouragingly, Singapore organisations are beginning to recognise this need. Investment priorities are steadily shifting towards solutions that do more than ensure compliance. They now aim to improve operational efficiency, strengthen employee experience, and position payroll as both a risk mitigator and a driver of engagement. The modernisation of payroll has thus become a dual-purpose strategy that simultaneously reduces exposure to errors while strengthening trust among the workforce it serves.

Top technology investment priorities

Investment in payroll technology is accelerating, fuelled by both internal and external pressures. Internally, teams are seeking relief from rising workloads, manual processing, and burnout. Externally, the workforce demands faster, more flexible, and more transparent pay experiences. The response from organisations reflects a growing understanding that digital transformation in payroll is now a strategic enabler of business stability.

Top payroll technology investment priorities for 2025



For 2025, the top investment areas reflect a focus on compliance, automation, and user-centric systems. Leading the list are e-submission capabilities for CPF contributions, prioritized by 39% of organisations, closely followed by integrated payroll systems that connect payroll with HR, HRIS, finance, or timekeeping platforms (38%). Automation tools ranging from robotic process automation (RPA) and AI-driven workflows to automated compliance tracking and employee self-service portals for payslips, leave, and tax documentation (36%) are also high on the agenda.

Cloud-based payroll software suites remain a consistent area of adoption (33%), with many organisations citing scalability, cost efficiency, and the ability to manage multi-country operations as primary advantages. However, despite overwhelming employee interest, on-demand pay solutions remain underrepresented on the B2B investment agenda, with only 25% of organisations prioritising them. This lag suggests that while organisations are advancing in back-end digitalisation, they remain cautious about consumer-facing pay innovations. This is a gap that may potentially widen if employee expectations continue to evolve faster than employer readiness.

The motivation behind these technology investments map directly to the risks identified throughout this report. The top driver is the need to reduce administrative time and workload for internal teams (41%), an issue felt most acutely by large enterprises (50%), linking directly to the staffing and burnout pressure.

Enhancing the employee experience is also a strong driver (35%), directly addressing employee dissatisfaction risks.

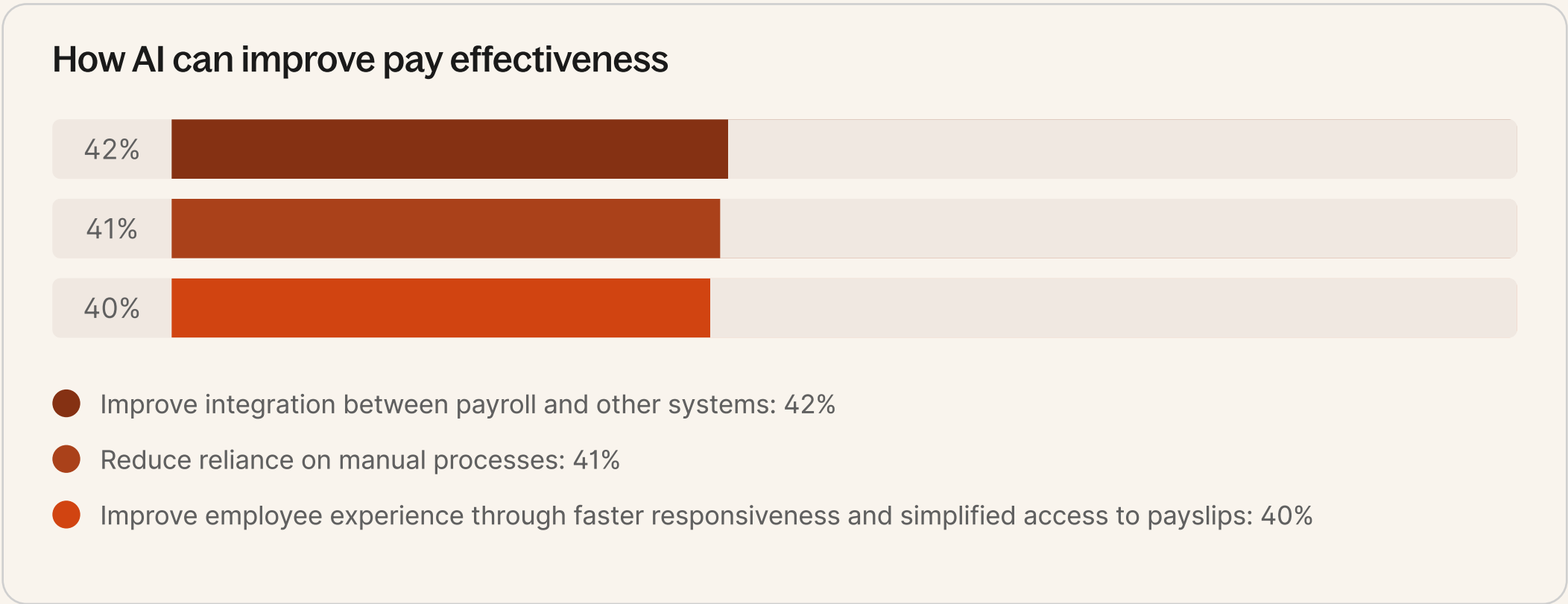
Meanwhile, 34% of organisations are focused on minimising errors and improving payroll accuracy, reflecting the high financial risk associated with manual errors. A further 34% cite improving integration across HR, finance, or timekeeping systems as a priority, directly confronting the market-wide integration challenge reported by 56% of payroll teams. Finally, cost reduction is a recurring motivator, cited by 32% overall, with SMEs (38%) and large enterprises (39%) highlighting it as particularly pressing.

AI adoption: Benefits, barriers, and local resistance

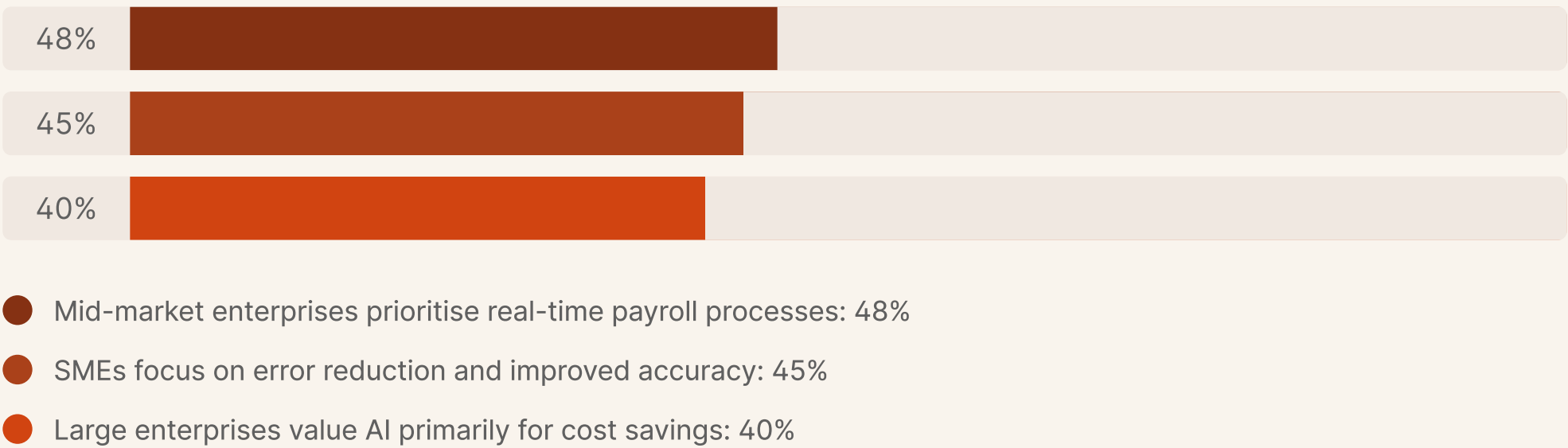
Artificial intelligence (AI) is rapidly transforming the payroll landscape, offering the potential to automate routine tasks, enhance accuracy, and enable real-time reporting. Nearly half of organisations (47%) already use AI in payroll, while another 46% are exploring or planning adoption, signaling that the technology is on the verge of mainstream implementation.

Mid-market enterprises lead this trend, with 57% already incorporating AI into payroll functions. However, maturity remains uneven. Around 22% of Singapore-only firms report having no current plans to deploy AI, indicating a level of caution or resistance among local operators.

The benefits driving AI integration mirror the structural weaknesses outlined throughout this report. The most anticipated gains include improved integration between payroll and other systems (42%), reduced reliance on manual processes (41%), and enhanced employee experience through faster responsiveness and simplified access to payslips (40%). Segment-level analysis further reveals that mid-market enterprises prioritize real-time payroll processing (48%), SMEs focus on error reduction and improved accuracy (45%), while large enterprises value AI primarily for cost savings (40%).



The impact of AI by company size

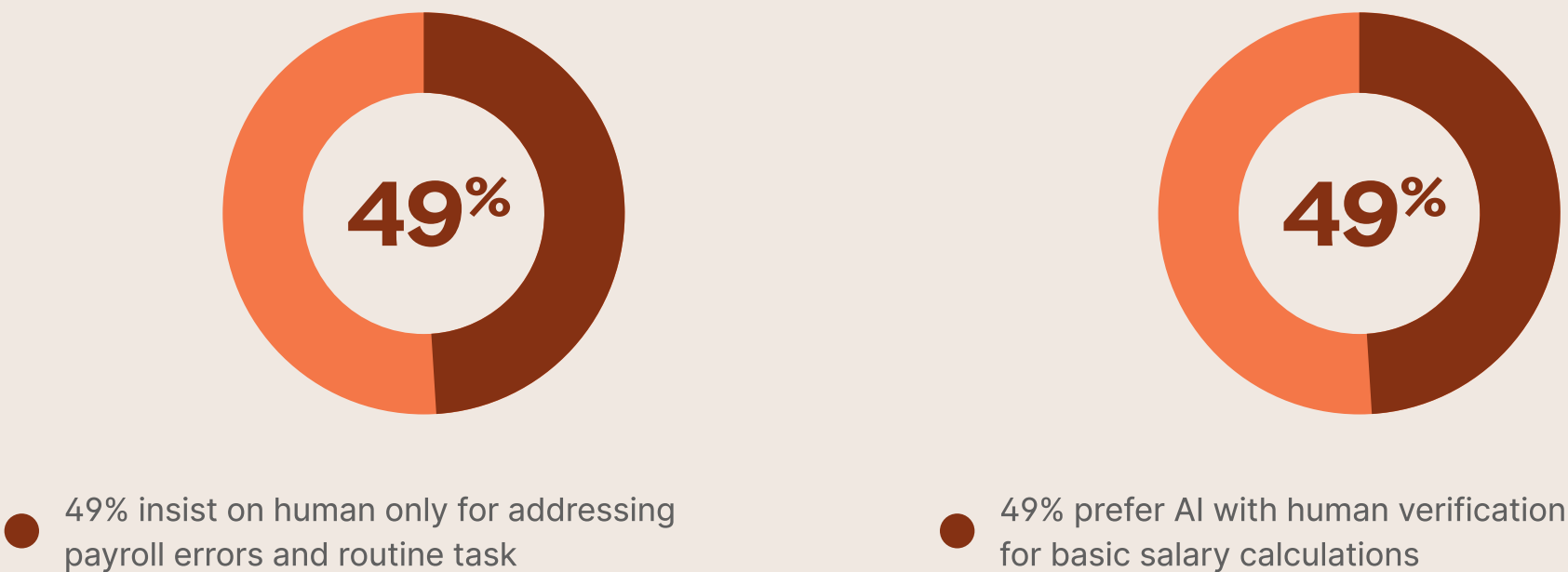


Despite its potential, AI adoption is not without challenges. Integration complexity, cost, and data sensitivity all pose barriers. Many organisations also remain wary of over-automation, fearing a loss of human oversight in a function where accuracy and confidentiality are non-negotiable.

AI risk and human oversight

While AI’s promise is clear, payroll decision-makers in Singapore remain cautious. The top concerns include privacy and data security (37%), lack of internal AI expertise (35%), and the high cost of implementation (34%). These apprehensions reflect a healthy awareness that automation must be balanced with accountability. Cost concerns are particularly acute for large enterprises. Nearly half (44%) of large enterprises cite this as a barrier, suggesting that scale alone does not guarantee digital readiness.

Preferences for AI usage in payroll tasks

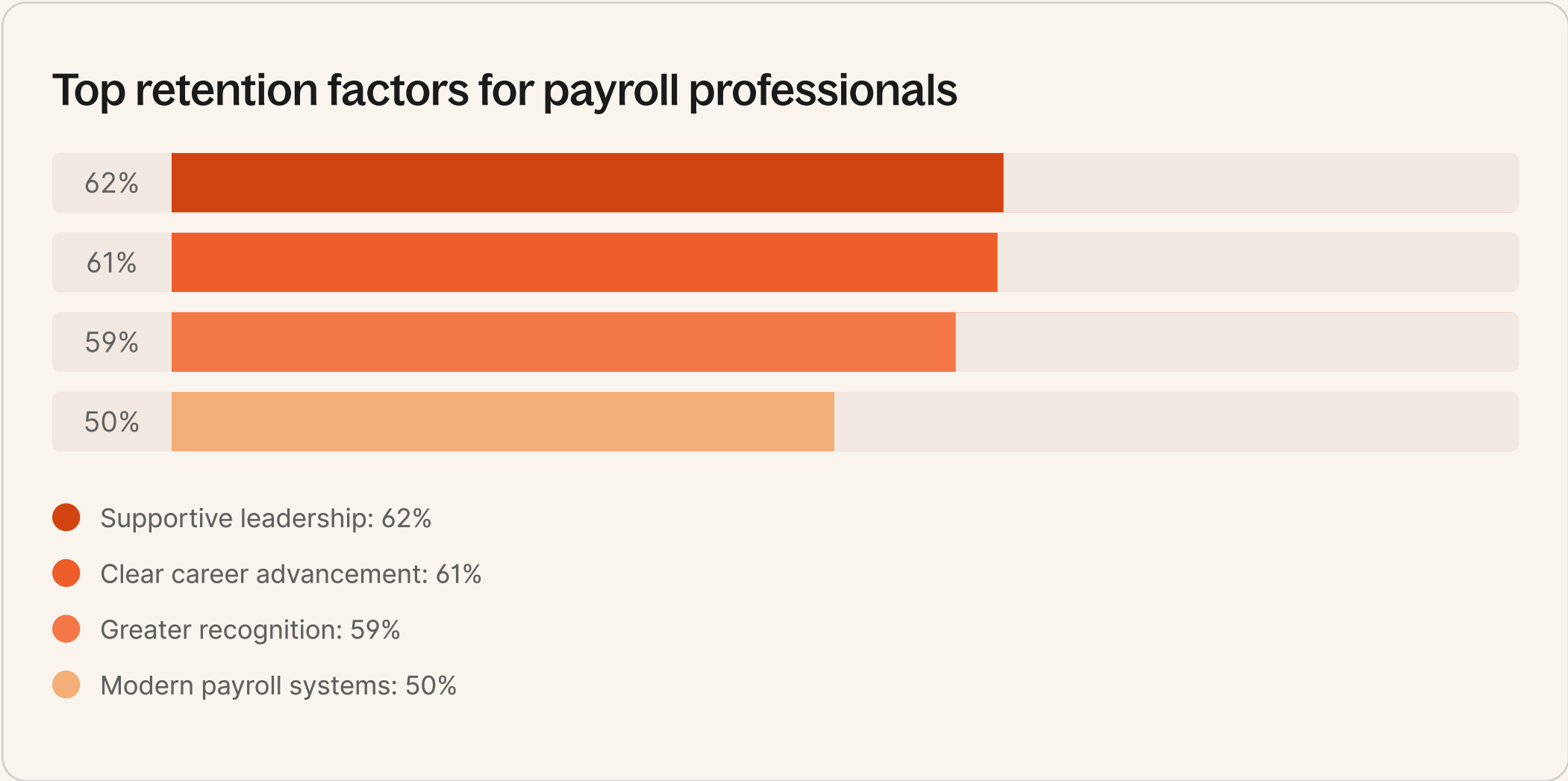


From the employee perspective, trust in AI is conditional. Although 67% of employees are comfortable with AI systems processing payroll data, over half (54%) worry about privacy and data protection, while 45% express concern about the lack of human verification.

This dual sentiment establishes the future blueprint for AI in payroll, where automation should streamline, not replace. Human oversight must remain embedded to ensure both accuracy and empathy. In this model, AI handles repetitive, low-risk administrative work, while humans focus on judgement-based tasks, compliance validation, and personalised employee support. This combination offers the best of both worlds by combining operational efficiency with a human touch.

Talent retention through reliable support

Technology alone cannot resolve the challenges of workload, burnout, and attrition. Sustainable modernisation depends equally on the people who operate these systems. Besides being mere administrators, payroll professionals are also custodians of trust. Supporting and developing this workforce is essential for maintaining stability amid digital transformation.



When asked what would encourage them to stay in their roles over the next two years, payroll professionals overwhelmingly pointed to supportive leadership. Sixty-two percent cited leaders who understand payroll’s realities and business impact as their top retention, highlighting the need to bridge the internal knowledge gap identified as a top challenge by 54% of organizations.

Sixty-one percent emphasised clear opportunities for career advancement and 59% pointed to greater recognition and appreciation for their contributions. Importantly, half of payroll professionals also said that modern systems and efficient processes would directly influence their decision to stay. This finding confirms that technology investment is integrated with workforce wellbeing instead of being separated from it. Modern tools reduce manual stress, allowing professionals to focus on strategic work, and reinforce a sense of progress within the function.

Upskilling will also be essential as AI and automation evolve. Future payroll roles will increasingly demand hybrid skills that blend technical fluency, data literacy, and regulatory expertise. Organisations that invest in continuous learning will not only retain their existing talent but also attract the next generation of payroll specialists, ensuring the function's relevance through 2030 and beyond.

Conclusion: Preparing for Payroll 2030

The findings across the 2025 Deel Singapore Payroll Report make it clear that Singapore's payroll function is at a critical juncture, facing a "twin crisis" of escalating compliance complexity and sustained operational strain. These dual pressures are constraining organisations' ability to meet rising employee expectations for flexibility, transparency, and financial support. What was once viewed as an administrative back-office process has now become a pivotal strategic function central to compliance, trust, and talent retention.

These challenges, ranging from chronic staffing deficits and burnout to fragmented systems and data silos, are not isolated inefficiencies. They are interconnected strategic risks that undermine financial compliance and organisational resilience. Incremental fixes are no longer sufficient. To remain competitive, organisations must pursue a decisive modernisation roadmap that redefines payroll as a strategic service that can deliver agility, accuracy, and employee empowerment in equal measure.

The operational imperative: From risk to resilience

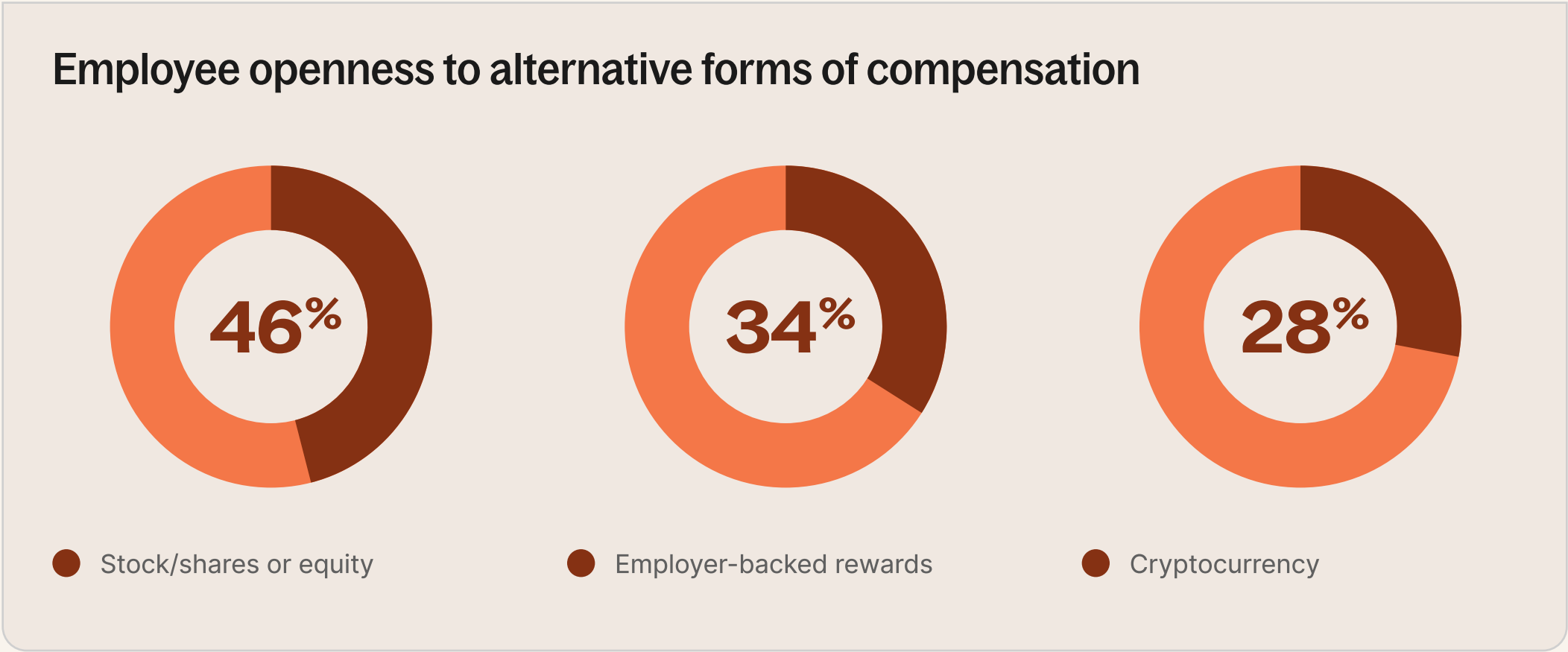
Internally, payroll teams are operating near breaking point. Structural weaknesses, particularly the lack of integration between payroll, HR, and finance systems, are cited by 56% of teams as their top challenge. This reliance on manual data handling and fragmented platforms exposes organisations to significant financial risks. Forty-one percent cite payroll errors from manual processes as a major threat, while another 41% highlight cybersecurity risks related to sensitive employee and banking data.

The unrelenting workload has compounded these vulnerabilities. Eighty percent of organisations report that their payroll teams are not functioning well, a clear indicator that the function is overstretched. This pressure has been intensified by policy changes such as the CPF ceiling revisions, which 77% of organisations say have led to a moderate or significant increase in workload.

Addressing these pressures requires more than headcount growth. It demands investment in intelligent, integrated systems that can manage complexity while reducing administrative fatigue. Talent remains a crucial part of this equation. Payroll professionals cite supportive leadership (62%), clear advancement opportunities (61%), and access to modern tools (50%) as key retention factors. Technology and human capability must therefore advance together, each reinforcing the other to build resilience from within.

The employee mandate: Transparency and flexibility

Externally, payroll must evolve into a customer-facing financial service that meets employees’ expectations for fairness, flexibility, and clarity. Half of Singapore’s workforce reports being financially stretched, fuelling demand for on-demand pay and other flexible pay models. Seventy-four percent of employees say they would consider using an employer-provided instant pay app, with interest highest among Gen Z (33% definite interest) and working or expecting parents (32%).

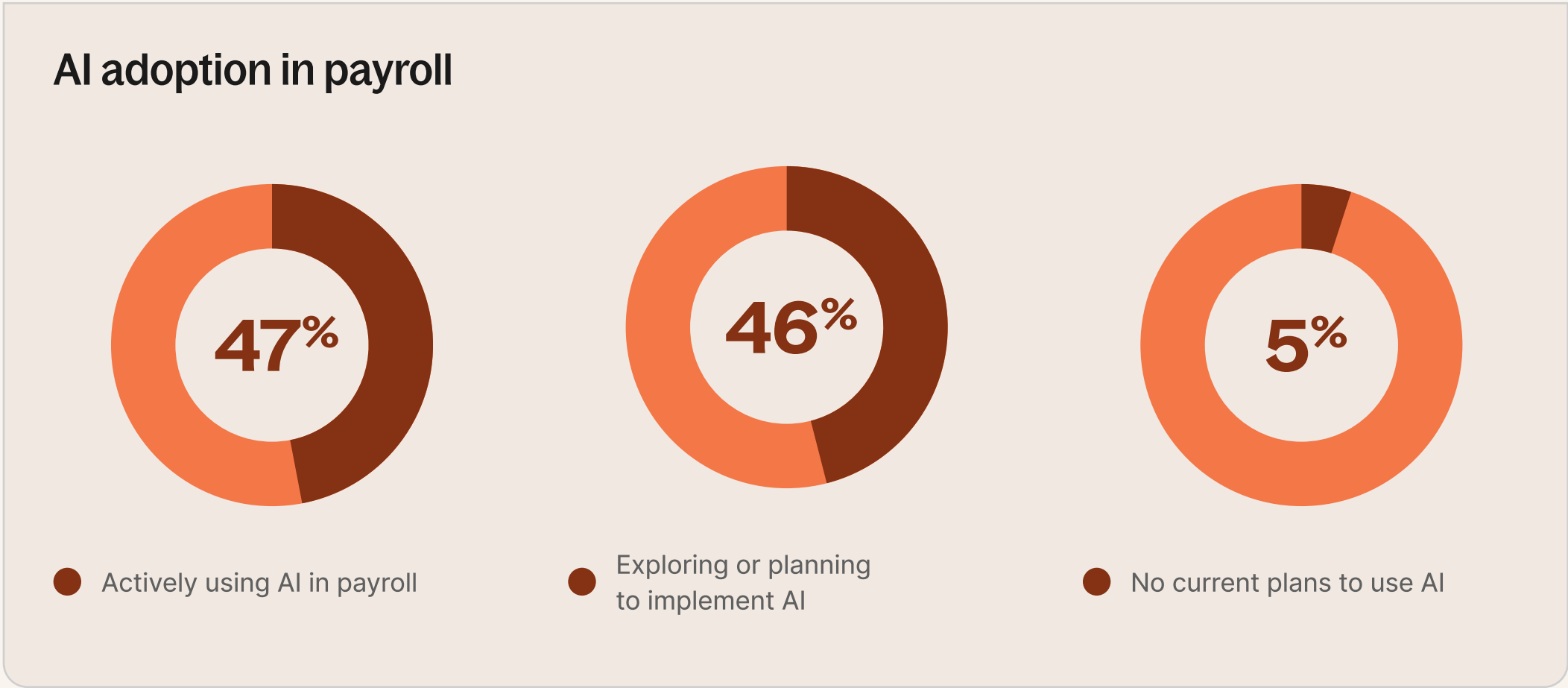


The stakes for trust are equally high. Thirty percent of organisations acknowledge that payroll delays or mistakes have become a major driver of employee dissatisfaction. At the same time, 76% of employees say their employers could do more to help them understand payslips and deductions, a clear signal that transparency is now an expectation, not a perk. Employees also want choice and personalisation, with 57% preferring a higher salary with fewer benefits, while 69% are open to receiving part of their salary in non-cash forms such as stocks or equity (46%) or cryptocurrency (28%).

For employers, these insights are about building trust more than meeting demands. Payroll is the most consistent, tangible touchpoint between an organisation and its people. Each interaction either strengthens or erodes confidence. Modern payroll systems must therefore combine automation and empathy to deliver reliability and reassurance at scale.

The roadmap to Payroll 2030

To futureproof the function, organisations must pursue a unified strategy that addresses both internal inefficiencies and external expectations. Integration technology is foundational to this transformation. The top investment drivers, including reducing administrative time and workload (41%) and improving employee experience (35%), directly address the systemic challenges identified throughout this report.



Achieving these outcomes requires moving decisively away from outdated practices such as manual data entry, which remains common among Singapore-only firms (35%), towards API-based, fully integrated systems already prioritised by 38% of organisations. These connected platforms enable real-time accuracy, automate compliance checks, and provide the data visibility needed to support more flexible pay models and predictive workforce planning.

AI adoption will play a pivotal role, provided it is implemented responsibly. Forty-seven percent of organisations already use AI in payroll, with benefits including improved integration (42%) and reduced manual processes (41%). However, automation must operate alongside human oversight.

Employees have expressed clear preferences for balance, favouring AI-assisted calculations, but human-only handling of pay errors. This approach preserves the essential element of trust while maximising efficiency.

Compliance automation is another cornerstone of the roadmap. With CPF e-submission capabilities now prioritised by 39% of organisations, the ability to automate statutory reporting and reconciliation will free payroll professionals to focus on higher-value, strategic work. Over time, this shift will transform payroll from a reactive compliance unit into a proactive driver of workforce wellbeing.

The way forward

Singaporean organisations now stand at a turning point. By combining technology adoption with human investment, they can transform payroll from a cost centre into a strategic asset that drives compliance, fosters employee loyalty, and enhances organisational agility.

Integrated platforms will ensure accuracy and security. Balanced automation will eliminate inefficiencies while preserving trust. Continuous talent development will keep the workforce adaptable in the face of evolving regulation and technology. Together, these elements form the foundation for Payroll as a Service, an always-on, employee-centred model that redefines how payroll delivers value.

The time to act is now. Organisations that modernise today will not only mitigate current risks but also position themselves as employers of choice by 2030 and be trusted, efficient, and resilient in the face of change.

Methodology

The 2025 Deel Singapore Payroll Report draws on two integrated primary research studies commissioned by Deel and conducted by Milieu Insight in July 2025. Together, these studies provide a holistic view of Singapore's payroll landscape, combining the internal operational perspective of organisations (B2B) with the financial realities and expectations of the workforce (B2C).

Both studies were quantitative in nature, conducted through Milieu Insight's proprietary online research panel.

The B2B payroll survey

This study examined the organisational side of payroll, accessing key challenges related to compliance, technology adoption, process integration, and staffing.

- **Sample Size (N):** 250 respondents across Singapore
- **Target respondents:** Senior HR, finance, and payroll roles (manager-level and above) involved in payroll-related decision-making
- **Fieldwork period:** 14th – 28th July 2025
- **Segmentation:** Respondents were evenly distributed across three organisational sizes
 - SMEs (Small and Medium-sized Enterprises, ≤200 employees)
 - Mid-market enterprises (201–500 employees)
 - Large enterprises (501+ employees)

Industry presentation was determined by natural fallout across sectors.

The B2C Payday Expectations Survey

This complementary study focused on the employee perspective, measuring financial vulnerability, pay expectations, transparency demands, and openness to payroll innovation.

- **Sample Size (N):** 1,000 full-time employees across Singapore

- **Target respondents:** Full-time, white-collar workers across diverse industries and income levels
- **Fieldwork period:** Conducted concurrently with the B2B study from 14th – 28th July 2025
- **Segmentation:** The sample was representative of the national workflow, with balanced gender splits and readable breakdowns across:
 - Generational groups (Gen Z, Millennials, Gen X, and Boomers)
 - Key industry sectors (Finance, technology, professional services)

