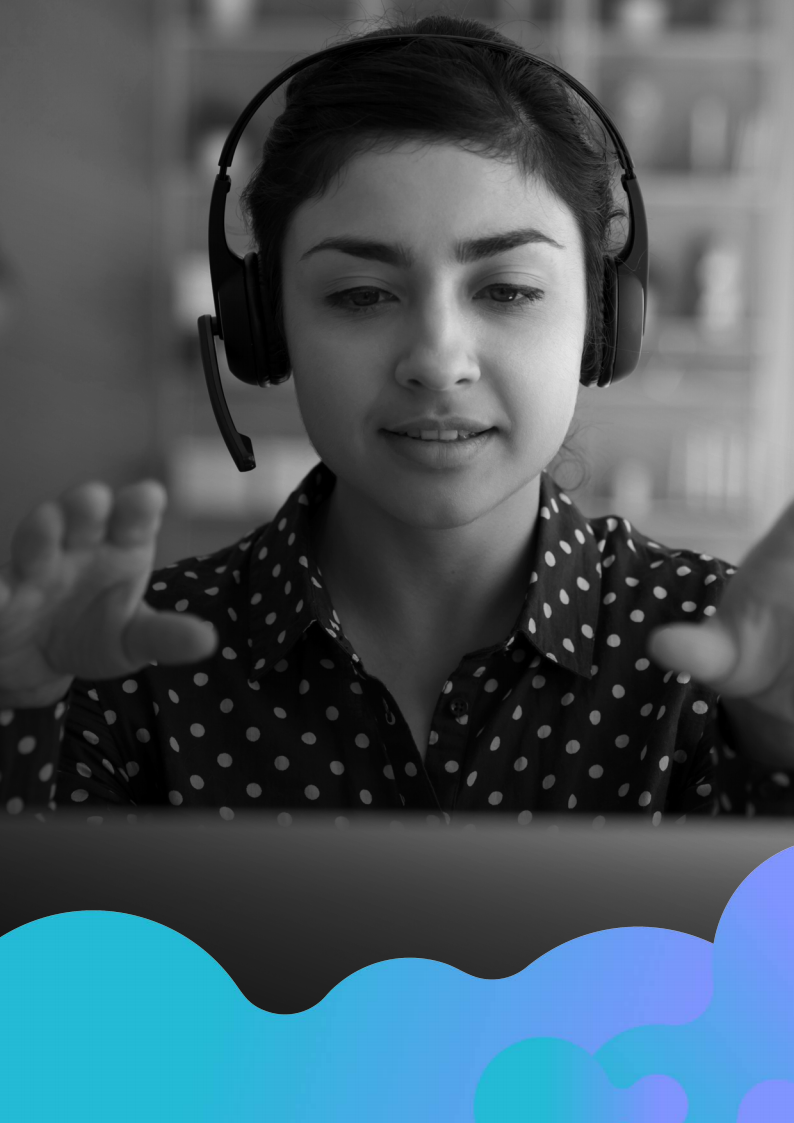
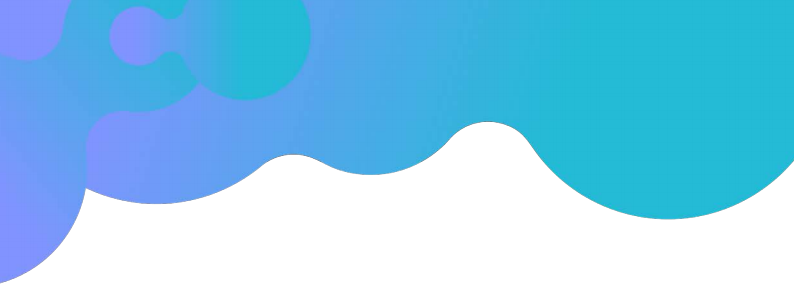


**Payroll Goes Global:**

Optimizing Workforce Payments

for International Businesses

1

Introduction

The ability to hire and scale across borders is rapidly becoming a key competition for modern companies. With remote work

breaking down the traditional office walls and digital business models enabling fast global expansion, teams are becoming increasingly distributed, with flexibility now a tool for

attracting talent.

This has the potential to be a game-changer

for teams; companies can hire from anywhere for the best skills and value for the job at hand, whether that’s for permanent staff, contract

workers, or freelance support. The modern

business can build a core team in the United States, mixed with outsourced customer

support in the Philippines, while bringing in

ad-hoc developer talent from India to update their website.

However, managing a global workforce adds complexities to payroll; companies previously capable of handling domestic payments

in-house now require support. Additionally, expanding a business across borders

involves many different considerations and understanding the differences can help with choosing a payroll provider to meet the

current and future payment needs.

This presents a significant opportunity for payroll platform providers that

automate and simplify global salary and wage disbursement, from the employer to employees or other workers.

**USD $31.8B**

Projected value for the global payroll outsourcing market in 2027.

Source: Global Industry Analysts, Inc.

The global [**payroll outsourcing market**](https://www.globenewswire.com/news-release/2022/07/28/2488447/0/en/HR-Payroll-Software-Market-Size-to-Reach-USD-52-867-Million-by-2030-Driven-by-Increasing-Workforce-around-the-World-Report-by-Acumen-Research-and-Consulting.html)was

estimated at USD $23.3 billion in the year

2020, and is projected to reach a revised size

of USD $31.8 billion by 2027.

[According to research, **global hiring increased 145% in 2022** – but taking advantage of this](https://www.unleash.ai/talent-acquisition/global-hiring-increases-145-in-2022/)

growth potential requires payroll companies

to solve several key challenges:

• **Managing FX at scale:** Creating a scalable international payments model without

incurring excessive FX or transaction costs, risk, or back-office inefficiency.

• **Meeting service levels:** Providing a

real-time payments service for workers looking for security and convenience

in their remuneration and businesses needing transparency and control.

**• Infrastructure:** Traditional correspondent banking rails entail high fees and multiple hands-off and failure points, limiting

flexibility and innovation when creating the right payment experience.



**In this guide, we’ll explore:**

• How changing work trends are driving development in the payroll sector

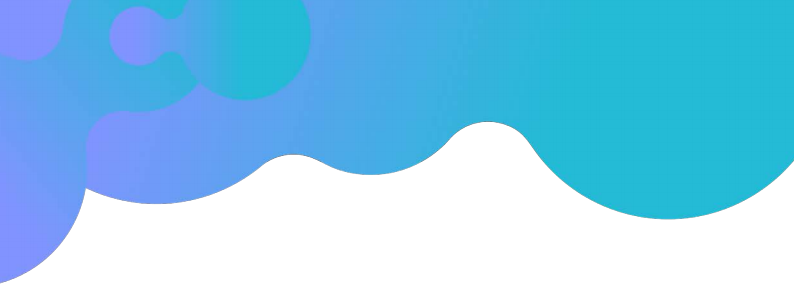
• Growth opportunities available for payroll and international businesses in new markets

• The core challenges in delivering

effective global payment processes

• How payment providers can scale with transparent FX fees, rails,

and control

Post-remote payroll

Digital technology, business models, and

working trends are increasingly dissolving

the traditional borders of business. The ability to hire workers in different locations, for

different projects, on a permanent or flexible

basis is driving a new era of business,

enabling increased efficiency, opportunity, and growth.

**The flexible, freelance workforce optimize**

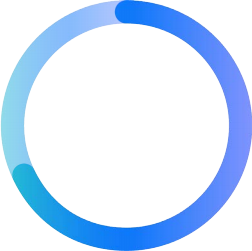
**their budgets**

As businesses look to control costs and flex their budgets with projects and workload,

the ability to hire international talent on a temporary basis can offer on-demand

[skills, with **68% of companies in the U.S. outsourcing their services** to low-cost](https://www.outsourceaccelerator.com/articles/outsourcing-statistics)

countries, including small businesses.



**68%**

**of U.S. companies**

**outsource their**

**services** to low-cost

countries.

The rise of gig and freelance platforms allows

businesses to hire targeted skills for a project

or campaign, aligning budgets and growth on

a granular level while controlling overhead.

**The global office**

The number of companies considering

spreading their workforce across borders has

grown as attitudes shift, with a survey of U.S.

companies by a think tank, The Conference

[Board, finding that **36% of employers are**](https://www.conference-board.org/press/Hire-Remote-Workers-Survey)

[**willing to hire completely remote workers in**](https://www.conference-board.org/press/Hire-Remote-Workers-Survey)

[**the U.S. or internationally, compared to 12%**](https://www.conference-board.org/press/Hire-Remote-Workers-Survey)

prior to 2020.

 **36%**

**of employers** willing to hire

completely remote workers.

Employers have seen the advantages casting

a wider net can bring, both in terms of

aligning with changing habits and finding

the best talent. Nium’s research found the

share of firms that expanded their hiring of

[international workers from 2020 to **2021 grew**](https://www.pymnts.com/payroll/2022/survey-shows-most-firms-need-help-with-intl-hiring-and-payroll-challenges/)

[**nearly six times, from 8% to 46%.**](https://www.pymnts.com/payroll/2022/survey-shows-most-firms-need-help-with-intl-hiring-and-payroll-challenges/)

At the same time, more businesses are looking

[at new markets to power growth; **49% of**](https://www.businesswire.com/news/home/20210311005278/en/U.S.-Companies-Bullish-on-Global-Expansion-According-to-Standard-Chartered)

[**U.S. companies surveyed in 2021** said their](https://www.businesswire.com/news/home/20210311005278/en/U.S.-Companies-Bullish-on-Global-Expansion-According-to-Standard-Chartered)

best opportunities are outside of their home region, compared to 35% in June 2020.

Meanwhile, an HSBC poll of over 2,000 mid-

market enterprises across 14 different markets in late 2022 found that [**two-thirds**](https://www.weforum.org/agenda/2023/01/in-the-face-of-macroeconomic-storms-emerging-markets-may-hold-the-key-to-growth/)planned to expand internationally in the next 12 months.

**The payroll opportunity**

Running a multi-country payroll - from

understanding each country’s local rules to compliance requirements - can be complex.

Businesses facing the prospect of paying an increasingly distributed, diverse, and

demanding workforce are looking for support.

**74%**

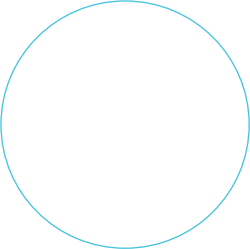
**of senior payroll decision-**

**makers** run multiple payroll

systems across multiple

geographies.

[Source: ADP](https://www.forrester.com/report/hcm-tech-growth-2022-payroll-category/RES178578)



[Outsourcing **makes up**](makesup)

[**$58B**](makesup)

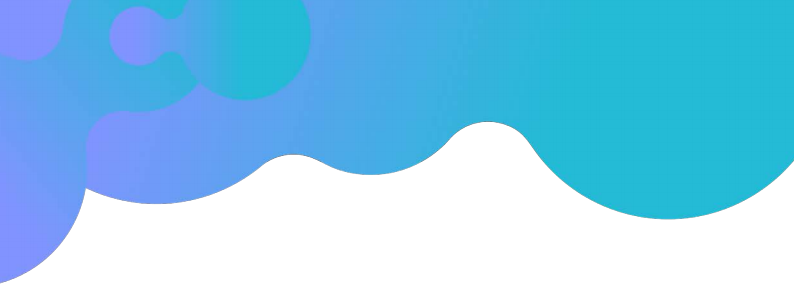
[**Philippine’s projected**](makesup)

[**revenue growth forecast**](makesup)

[**by 2028.**](makesup)

**Philippines**

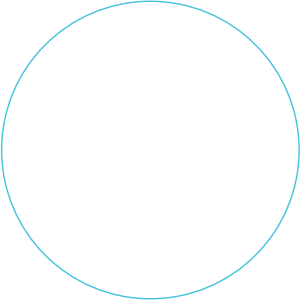
**Argentina**

The global growth map

Much of the growth for international hiring and outsourcing has been concentrated

in emerging markets, where a robust infrastructure combined with a young,

educated workforce provides valuable opportunities for U.S. companies.



**75%**

[**of businesses**](https://www.bizlatinhub.com/outsourcing-latin-america-blh-survey-jan-feb-2022/)increased their

outsourcing in Latin America

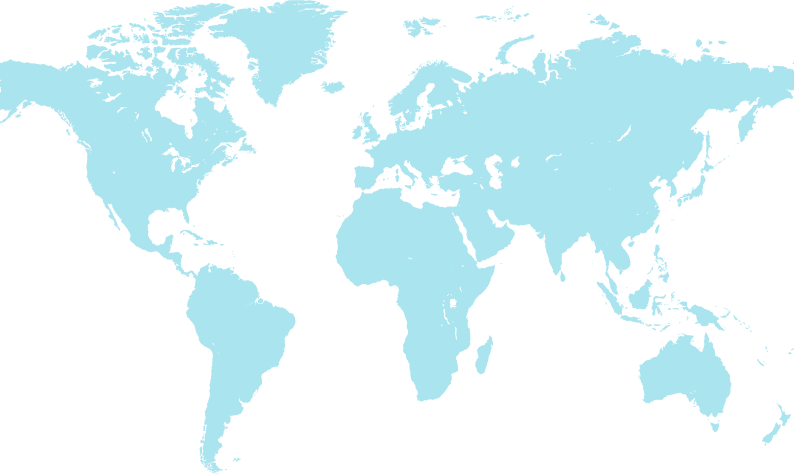
during the pandemic, exacerbated

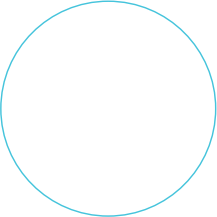
by the recent tightening of

budgets in the tech sector as

businesses cut costs linked to

local developers.

**India**



Recent[**research**](https://www.unleash.ai/talent-acquisition/global-hiring-increases-145-in-2022/)

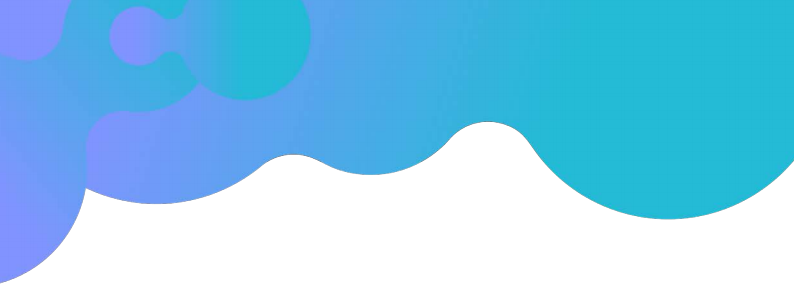
found that **Argentina**,

the **Philippines**, and

**India** were the top three

attractive countries to

hire from globally.

Challenges of a

global workforce

Managing global payroll is complex, with varying compliance, technology, and

cultural norms adding stress, workload, and

investment for payroll teams. Even more

difficult challenges exist as the workforce

expands internationally, including full-time

workers and remote contractors. The more

countries there are, the more complex it gets.

While the specifics may vary, the global payroll platform ecosystem typically offers three

delivery models - from serving as “agents” to whom payroll functions, sending payments

to an independent contractor in a different country, to having another company act as

the employer of record in the country that

the business wishes to hire. Each has its own

unique advantages and disadvantages.

According to IT research firm Gartner, “there is no single best-practice approach to deploying multi-country payroll, as the number of

countries in which an organization operates will vary considerably, as will the number

of workers per country. In many cases, an

organization will use a combination of two or more models to deliver multi-country payroll.”

Moreover, payroll platforms must also address a range of back-end systems, licensing, and

technical demands.

**Scalable cost**

**transparency**

The cost of paying workers in their local

currency can vary significantly due to

fluctuating FX rates, bank charges, and

transaction fees depending on the payment

service provider or rails involved. For PSPs

looking to create a consistent business

model,this creates confusion around cost,

margin, and limits scaling.

**System complexity**

[**Seventy-four percent of senior payroll**](https://in.adp.com/resources/articles-and-insights/articles/g/global-payroll-survey-2021.aspx)

decision-makers run multiple payroll systems

across multiple geographies. Their payroll

staff then face an overwhelming amount

of queries, as 61% of these decision-

makers report.

The survey reveals a [**strong connection**](https://www.ey.com/en_gl/workforce/how-can-payroll-drive-value-in-organizations-with-flexibility)

between the number of countries an

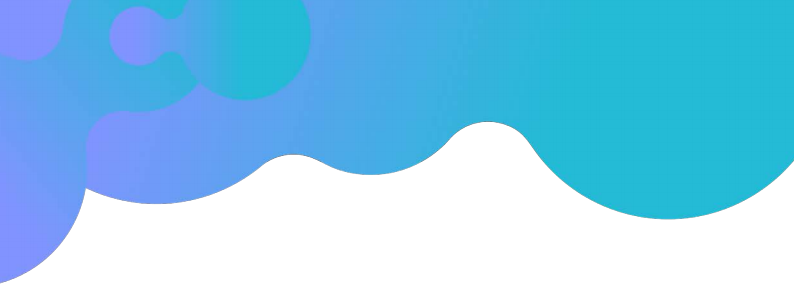
organization operates in and the number

of payroll providers it uses, highlighting

the challenges that multiple providers

create for these organizations.





**Financial infrastructure**

[**Nearly two billion adults globally**](https://conferences.pionline.com/uploads/conference_admin/Sands_Capital_Emerging_Markets_-_Secular_Trends_0919.pdf)—

one-third of the world’s adult population—

remain unbanked, with almost all living in

emerging markets. In response to the lack of

traditional infrastructure, more people in these regions turn to alternative forms of payment,

with the share of adults making or receiving digital payments in developing economies growing from 35% in 2014 to [**57% in 2021**](https://www.worldbank.org/en/publication/globalfindex), outpacing growth in account ownership.

**Real-time payments**

When working with emerging markets,

[the speed of payment is a key capability. **In Malaysia**, for example, 55% of on-demand](https://www.paulhypepage.my/the-gig-economy-in-malaysia/)

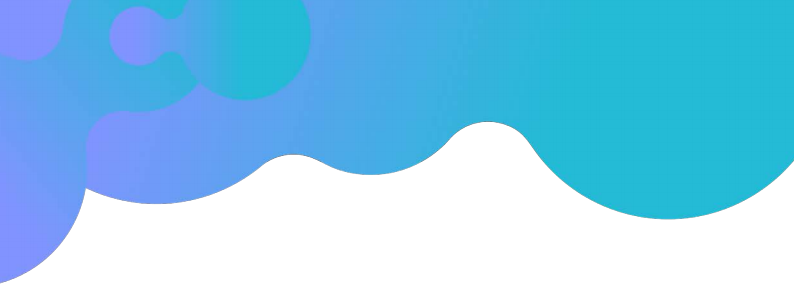
workers have less than three months’ financial buffer. Meanwhile, [**in India**](https://www.outlookindia.com/business/gig-economy-workers-zomato-swiggy-bigbasket-blinkit-uber-ola-face-a-many-challenges-in-india-how-fintechs-are-trying-to-solve-them-news-193217), 88% of the on-

demand workforce runs out of money before the month is even out. Businesses and payroll platforms must deliver fast, reliable payments to retain overseas employees.

B2B payments service providers with

experience working with major payroll

platforms can directly solve these issues without driving up costs and timelines for fast-moving companies.

Payments for a

borderless world

Delivering an effective international payroll service, regardless of the payroll model,

requires the right payment rails to ensure a consistent experience that provides value to employers, employees, and their extended workforce.

By creating a flexible, efficient, scalable payroll service, payment service providers can directly contribute to the success of their customers, helping them enter new markets quickly with minimal risk, while acquiring and retaining the right talent. This results in:



**Faster expansion**

Streamline new market entry by

connecting your customers to

existing rails and licensing to pay

their workforce, regardless of

their target market.



**Improved experiences**

Keep teams happy with real-time

payments and value-add services such

as cards, helping your customers retain

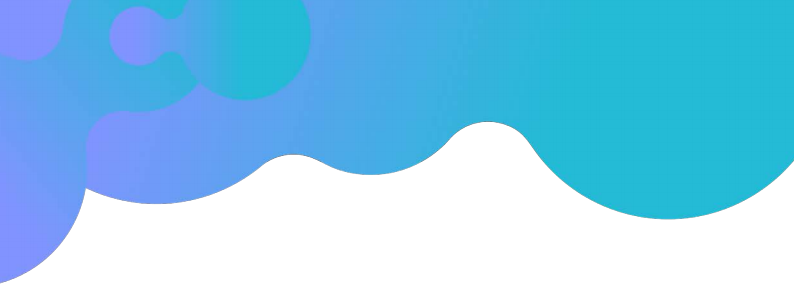
their most valuable talent.

Provide access to multi-currency wallets and direct access to a

global network to reduce the expense of paying employees.



**Reduced costs**



While payroll platforms have the option of • Transparency on transactions, including

building their own rails, compliance, and

security infrastructure, the rapid pace of

expansion among today’s businesses and

the challenges involved make this unfeasible, expensive, and slow.

A reliable global payroll experience requires:

• FX flexibility with the ability to offer

customers the best rates, currency, and lead times, including predictable costs per transaction, to create a scalable

business model.

• Instant, reliable transactions, supported by real-time payments to support all

workers in all working arrangements, while helping businesses settle

payments faster.

status updates, validations, access to

data and reporting, and notifications to

simplify overhead management.

• Integration with existing systems and networks to help businesses scale in any region.

• Global service to ensure the same

experience across local time zones for the entire workforce.

• Multiple market coverage with full

security and compliance, onboarding, and support.



Going global with Nium

Nium is the leading platform for on-demand money movement focused on

helping businesses unlock the potential of the global economy, sending payments on-demand to anyone, anywhere. To date, [Nium powers 80%](Niumpowers80%) of the remote-

payroll market.

Through our flexible platform, we support global payroll platforms–regardless of the model–and deliver:

**End-to-end FX control**

Transparent costs, with a single clear FX markup and one low per- transaction fee to help manage costs at scale.

|  |  |
| --- | --- |
|  | **Local and global reach**  Benefit from our worldwide network of bank  relationships, payment licenses, and simplified  onboarding processes to move money around the world. |
|  | **API-based modularity**  Linking together a modern suite of application  programming interfaces (APIs) integrating internal  and external systems seamlessly, compliantly, and  securely, businesses can better focus on their unique brand experience. |
|  | **Multi-currency, multi-method**  Enabling money movement through a diverse range of payment modes and methods, from cash to virtual  cards, fully currency-agnostic, as well as being crypto-currency ready. |

**Real-time functionality**

Moving money instantly and transparently in a way that can be optimized for revenue models over time by payments teams and financial experts.



Nium’s payment infrastructure adapts to the needs of markets, business models, and technology stacks of international businesses to help payroll platforms offer a service ready for the global economy.

[Visit **Nium.com**](https://www.nium.com/)

**To find out how you can enjoy the value of a truly modern payment system**

**to book a consultation with**

**one of our payment experts.**

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