



# Get ahead with Embedded Payments

How to become the ultimate pain-free payroll  
software provider, powered by Modulr



# Contents

## Get ahead with Embedded Payments

How to become the ultimate  
pain-free payroll software provider,  
powered by Modulr

- 1-2 | Innovating in a competitive market: It's a tough gig, but payroll software providers have to do it.
- 3-4 | The demand for the perfect payroll journey
- 5-6 | How to stand out from other software providers with embedded payments
- 7-9 | What should you look for when partnering with an embedded payments platform?
- 10 | Why partner with Modulr?
- 11 | The lowdown on Modulr's platform
- 12-13 | How we helped BrightPay
- 14 | Deliver a premium payroll experience to your customers, with Modulr



Innovating in a competitive market: **It's a tough gig**, but payroll software providers have to do it.



**From a payroll perspective, the software market is evolving into a highly competitive, price sensitive space. Software providers are under growing pressure to innovate and deliver value so they can attract and retain customers in a fast-paced business environment.**

Those that offer the largest range of integrated products and services will undoubtedly benefit from the most traction in the market. And one feature which has the potential to set any given software provider apart from the rest is embedded payments – seamless payment and account functionality integrated directly into the provider’s platform. But most providers don’t have (or know they need) embedded payments as part of their proposition. Every payroll provider wants ultimate seamlessness in their software, but the high cost and risk of building and managing payments in-house stands in the way, as does the lack of regulatory ability. As a result, it’s difficult for software providers to offer a truly end-to-end payroll solution for their customers.

But, if you’re looking to create a differentiated customer experience and add more value to your long-term customer relationship, then you need look no further.

**In this guide we’ll show you how to become the ultimate pain-free payroll software provider (spoiler alert: the trick is to partner with an embedded payments platform!).**



# The **demand** for the perfect payroll journey



**Nowadays, we're all used to joined-up user experiences, both in our personal and professional lives. We want our processes and interactions to be as friction-free and intuitive as our last (and best) customer experience, and payroll is no exception.** But the reality is that payroll is still a headache for many accountants and accounts departments, with manual workflows increasing pain points and time-consuming processes that carry a heavy administrative burden. This is simply unacceptable for a function which needs to be super-fast, super-efficient, and without any mistakes... ever!

In a world where our customer journeys are increasingly joined-up, it seems counterintuitive that, within many software platforms, the act of calculating payroll remains separate from the act of paying the payroll. With the process spread over two disparate systems, users are left bouncing between the two.

Payment files are traditionally used to bridge the separate systems because they are the only compatible method of exchange with legacy bank accounts, but the system is fraught with inefficiencies and the Bacs payments themselves take three working days to clear.

It's a long process even before we consider the manual time taken to fix file errors, incorrect value inputs, doublechecking, duplicates and dealing with payment rejections resulting from inaccurate data capture. The lack of approvals workflows on many platforms further increases the risk of inaccurate or

fraudulent payments, while reconciling the many individual salary pay-outs to multiple bank statement entries is time consuming and onerous.

It's a solution that's far from ideal.

It stands to reason that any payroll software provider that can remove these pain points and offer customers a straight through link to Faster Payments as part of a seamless, hassle free one-stop shop solution would have a distinct competitive advantage. But many software platforms are challenged with delivering this level of payments and payroll integration and functionality. That's because there are huge costs and risks associated with building and launching payments in-house, let alone the regulatory and operational burden they bring. And the cost and commitment of partnering with the likes of a Bacs bureau makes it an unviable option for many.

Most payroll software providers have just accepted payments will never be a part of their tech stack.

**Until now.**



# How to **stand out** from other software providers with embedded payments



Imagine if you could easily embed payments directly into your proposition. They'd be fully integrated meaning your customers could execute payroll payments seamlessly and easily from within your software, eliminating file uploads and the associated security risks. You'd also give users that 'end-to-end' brand experience that they're looking for, while using automation to cut down on admin hassle. By enabling them to make payroll payments in real time, 24/7 as opposed to relying on Bacs, you could give users up to 3 days back on each payroll run!



**Eliminate payment complexity:** By embedding payments, you'll save your customers valuable time by removing manual processes and the risk of error; enable them to focus on running their business or developing value-added services; and help them to easily meet the expectations of their changing business demands.



**Enable real-time payments:** With the right provider, embedded payments are almost instant. Customers get access to networks such as Faster Payments and SEPA Instant, allowing them to make and amend payroll payments right up until the deadline.



**Create an all-in-one solution, directly within your software:** Embedded payments eliminate the need for your customers to bounce between systems. Being able to stay in one place to complete all payroll tasks is the 'one-stop' level of ease your customers are looking for, making your proposition stickier, and adding value to the customer relationship.

The key to getting your payroll platform to this level of slick is partnering not just with an embedded payments provider, but with the right embedded payments provider.





# What should you look for when partnering with an **embedded payments platform?**



## They should carry the weight of regulation for you

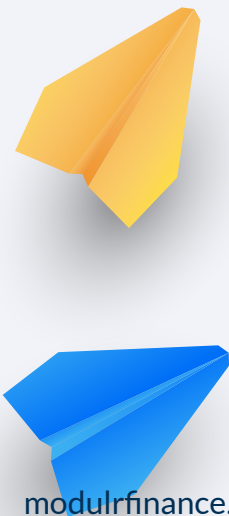
The payments landscape is, understandably, a highly regulated space. And, for many payroll platforms, the investment, time and expertise required to meet the raft of regulations and gain access to the payment schemes directly is just too costly and laborious. Instead, they look to partner with authorised payments providers that have done the regulatory heavy lifting for them.

Ideally you'll find a payments provider that has direct settlement access to the Bank of England and payment schemes like the Faster Payments network. Having direct access means your payment provider is not reliant on a third party or a directly connected commercial bank to submit payments or settle payment obligations on its behalf. Which means more efficiency, less cost and complexity, and fewer points of possible failure for you.

## They should free your customers from the lengthy Bacs clearing cycle

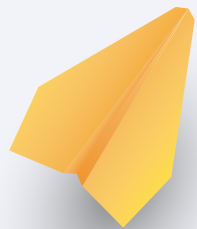
However slick a payments services provider appears to be, if it's still ultimately relying on Bacs then it's not fast enough! That's because Bacs payments are not same-day payments, they're subject to three day clearing cycles. What's more, payments can only be made on working days so they can actually take longer when you factor in weekends and bank holidays.

Partner with a payment services provider that can plug directly into the Faster Payments scheme, the only UK payment system that's available 24/7, 365 days per year. As the name suggests, Faster Payments are payments that clear almost instantly, with funds showing up in the payee's account in a matter of seconds. Faster Payments don't have a cut off time and they clear even on weekends and bank holidays. And invoice payments can be set up to transact on the day they fall due, making managing emergency or ad-hoc payments easier than ever before. And, look for a provider that makes creating and managing bulk payments easy for your customers.



## They should make your CX even more competitive

One of the biggest commercial advantages a software provider can leverage is its customer experience. After all, users interact with the product with every payroll run, and they'll migrate elsewhere if they experience too many pain points. The right embedded payments provider will help you to deliver fully integrated, invisible and instant payments that support rather than obstruct the payroll workflows they have been designed for. For this to work in practice, they need to be based on rich APIs, making the underlying payment systems accessible through a single point of integration and with a considerable degree of flexibility. Only then will you be able to separate the user journey from the underlying process of making the payment – turning manual process and file uploads into something automated, joined-up and intuitive, while keeping them fully engaged within the customer experience.



modulrfinance.com

## They should enable you to monetise payments

Adding payments onto a payroll proposition could be a very effective monetisation lever, allowing software providers not only to take advantage of new market opportunities but also to increase revenue and profitability by selling more to their existing customers (if payments were to be offered as a chargeable upgrade, for example). This added functionality can also serve to make your proposition stickier – that's to say it could become so indispensable that it would mean a considerable investment for users to switch. And that's even if they'd want to switch, considering how convenient it would be to have all their payroll tools in one place.

Offering a one-stop payroll solution in a market proliferated by multi-step processes will likely set you apart from all the competition: you'll be delivering a level of ease and efficiency your customers will have only dreamed about, which could be very lucrative for you.

# Why partner with Modulr?

At Modulr, we make it easy for payroll software providers, like you, to incorporate payments into their platforms, without the need to become payments experts or regulated themselves. That's because we're one of the few non-bank payment service providers (PSPs) to have direct access to the Bank of England as well as access to other EU and UK payment schemes. We package up this payment scheme access together with our regulatory permissions and API infrastructure to enable payroll providers to embed payments directly within their propositions, as part of a unified and integrated journey. In this way, payroll and payments can finally be merged into one simple, cost saving and streamlined process, without manual exports, file uploads or even the need to leave your platform and brand experience. Your customers can both calculate and run payroll from within your platform, with minimal effort and in a way that's profitable to them, while employees can rest assured that they're paid accurately and on time, every time.

And we deliver all of this alongside a partner experience that is second to none, which has resulted in us becoming the digital payments partner of choice for leading payroll software providers like BrightPay and IRIS. When you partner with us, you receive support throughout the whole implementation process – we include dedicated project management and marketing assistance to ensure that your enhanced proposition is positioned in the most impactful way possible, and that your customers understand how you can meet their needs.

We integrate with

Sage

 brightpay

IRIS



# The lowdown on Modulr's platform

**Underpinning this game-changing solution is Modulr's bespoke payments and accounts infrastructure, all of which is managed through a single, flexible and scalable API, and which enables the creation of unlimited payment accounts for each customer.** Automated reconciliation of data between your payroll software and our payments platform removes complexity, creating exact matching values per accounting entry with no errors between the two. When users are ready to run payroll, they simply need to fund their payment account (which can be done smoothly and efficiently via a prepopulated, user-friendly Open Banking Payment Initiation link) and approve the payments.

Our direct participation in the Faster Payments network means that payroll payments are made in real time, 24/7, 365 days a year (unlike Bacs which takes days as opposed to seconds), - making late payroll payments a thing of the past and enabling users to manage emergency payments more efficiently. Payments can even be future dated and scheduled to be sent automatically when due and users can pay, manage and track bulk payroll payments as a batch. You can also offer your users payment innovations such as Confirmation of

Payee, the name checking service which helps avoid payments being accidentally or maliciously misdirected.

With Modulr, payroll quickly transforms into a service that's easy and profitable to deliver. With so much time saved, your customers will be able to focus on what matters to them – running their business and developing new value-added services. And as a software provider, that's good news for you, because it means they're going to view your solution as invaluable, and indispensable.

# How we helped BrightPay



## **BrightPay was committed to making payroll seamless & time efficient**

Back in 2021, BrightPay, the leading payroll software provider, set out to offer a fast, secure and easy way to make payments part of payroll.

It knew that the traditional payroll process, while an essential part of business operations, was a hindrance to payroll managers. It was inefficient, prone to mistakes and vulnerable to online attackers. And took up too much of a payroll manager's already stretched time. The situation was exacerbated by traditional payroll processes that cannot integrate directly with payment schemes.

With the rate of technological innovation in payments, it made little sense for traditional payroll systems to be disconnected from the payment mechanism.

## **So, BrightPay turned to Modulr**

Powered by Modulr's direct access to critical payments infrastructure, this game-changing integration enables BrightPay to enhance their software with a seamless and secure way for its users to make payments at the same time as running payroll.

Modulr replaces the need for accountants, payroll bureaus and employers to upload payment files to their bank by automatically creating payroll entries in sync with payment entries. All the payroll manager needs to do is approve the payment entries and ensure their Modulr account is topped up.

Modulr's platform allows BrightPay to sync payroll calculations to payment entries, removing the need for manual processes through automation technology. This, in turn, saves payroll managers precious time by eliminating altogether costly human errors when processing payroll payments, which becomes particularly critical when dealing with large numbers of employees' salaries and high transaction values.

Through the partnership, BrightPay provides superior efficiency for payroll managers with a seamless payroll workflow, while retaining the process security and approvals control to which they are accustomed. While Modulr's direct access to the UK's real-time payments network, Faster Payments, allows BrightPay to help payroll managers deliver payroll on time, every time, with the flexibility of instant emergency payments.

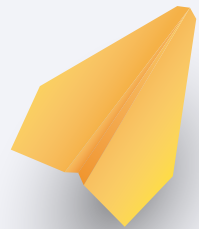
Powered by Modulr, BrightPay's new service ensures flexibility by bringing a host of benefits to customers who can now send ultra-fast, secure payments that saves them time and headaches.

# Deliver a premium payroll experience to your customers, with Modulr

Without the ability to offer embedded payments, many accounts payroll software providers are still missing the crucial part of the process. With our payments functionality fully integrated into your platform, we'll help you to create a truly end-to-end solution and a differentiated customer experience. We'll help you to improve customer retention and add more value to your customer relationships, and all far more cost effectively and efficiently than you could do alone.

Together, we can deliver propositions for your customers that generate new revenue streams and increase efficiency, so your customers will have plenty of time to explore the full potential of your growing software suite.

**Traditional payroll might have always been a pain but, with Modulr as your embedded payments partner, your platform can be part of the solution.**



[modulrfinance.com](https://modulrfinance.com)







[www.modulrfinance.com](http://www.modulrfinance.com)

We integrate with

Sage

 brightpay

.IRIS



Modulr Finance Limited is a company registered in England with company number 09897957 and ICO registration: ZA183068, registered with the Financial Conduct Authority (Firm Reference Number: 900699) as an EMD Agent of Modulr FS Limited. Modulr FS Limited is a company registered in England with company number 09897919 and ICO registration: ZA183098, authorised and regulated by the Financial Conduct Authority as an Electronic Money Institution (Firm Reference Number: 900573). You can check the Financial Services Register here. Modulr Finance B.V. is licensed and regulated by De Nederlandsche Bank (Relatienummer R182870) as an Electronic Money Institution.