

Five Time and Labor Data Trends that most financial institutions overlook



When you consider that up to 70% of a company’s costs are people costs,¹ time and labor data collection is a great place to look for leaks that could be leading to significant losses. For example, your legacy payroll system — which uses outdated technologies and processes — could be losing data and dollars by the minute, and it’s very possible that your organization doesn’t even realize it.

Time and labor data collection is a common weak point in corporate infrastructure that usually escapes detection. By tightening up your collection approach, you can streamline business processes and significantly cut costs. Here are several time and labor data trends that most companies overlook.

1 Unreliable data collection

If your company has spent millions of dollars for an HCM system but employees are manually filling out timesheets, your only protection is manager review. Managers and employees can make honest mistakes but, in some companies, unscrupulous employees can promote a culture of corruption. **With a manual time and labor data collection system, there is little protection against either honest mistakes or intentional fraud.**

2 Failed interfaces with other systems and the trapped data between them

The best HCM system in the world doesn’t amount to much if you struggle to get reliable, consistent, and timely data in or out of it. While every time and labor solution provider will tell you that its data can go into your HCM system, the problem is the lack of data coming out. **If the data being used is rife with errors, then the payroll or reports coming out are useless.**

3 Expensive and/or complicated customizations

Some companies attempt to automate time and labor data collection by extending their expensive HCM systems via customization. These customizations may work until the time comes to modify or upgrade your HCM system — and you must customize your time and labor data collection all over again. **Having a multitude of user-defined pay rules and different local regulations in an over-customized system can lead to inaccurate payroll.**

4 Inadequate reporting capabilities

With manual time and labor data collection systems — and some automated systems — there is no mechanism to catch an error in timekeeping data until it’s sent to payroll and paychecks are cut. Long-term trends such as excessive overtime can evade notice until the data is aggregated by the finance department and, even still, **these trends may continue to escape detection without adequate reporting.**

5 Using outdated systems to manage labor compliance

For more than a decade, the financial services industry has grappled with expanding regulations that include the Dodd-Frank Act, the Volcker Rule, and the Department of Labor’s new fiduciary rule. Even though U.S. financial institutions have transformed their balance sheets, structure, and business models to compete in the post-crisis regulatory world,² **many are still trying to manage labor compliance while using outdated processes.**

Companies whose leaders are well prepared to use data to guide decisions are **8.7 times more likely to have closely integrated talent and business strategies.**³

—DDI Global Leadership Forecast

¹ Paycor, *The Biggest Cost of Doing Business: A Closer Look at Labor Costs* (August 7, 2018), found at <https://www.paycor.com/resource-center/a-closer-look-at-labor-costs>.

² PwC Financial Services Institute, *Regulatory Environment in Financial Services*, found at <https://www.pwc.com/us/en/financial-services/research-institute/regulatory-environment.html>.

³ DDI, *Global Leadership Forecast 2018, Leading with Data-Driven Decisions: The Culture and Skills Driving Higher Returns on Data*, found at <https://www.ddiworld.com/glf2018/data-driven-decisions>.

The American Payroll Association estimates that the rate of human error in timecard preparation is between 1% and 8%.

Your payroll system is only as good as the data that goes into it. Modern, platform-based time-and-attendance solutions automate data collection in your HCM system while improving reliability of the data, reducing costs, and minimizing the risks often incurred as a result of complex work rules, payroll errors, and compliance breaches.

By employing future-built, modern technology to plug leaks in time and labor data collection, many companies have realized ROI within two years — and many within a single year. Unlike organizations struggling with the speed of innovation and frustrated with the value they receive from their data, nimble companies have figured out that best-in-breed modern technology can help them get the most out of their HCM system and transform their business with integrations and reporting that are exponentially simpler and more valuable.

To learn more, download the white paper, [*Your HCM System Is Leaking*](#).

Want to find out if your HCM system might be leaking? Take the quiz below.

Quiz: Is Your HCM System Leaking?

Does your organization suffer from any of the following symptoms?

- Employees manually fill out paper timesheets
- Data entry clerks re-enter time and labor data, either from a manual system or from a time and labor data collection system that does not directly interface with your HCM system
- Frequent requests to finance or IT for detailed labor reports that are time-consuming to compile
- Project plans to replace or upgrade your HCM system (bonus points if the go-live date has been pushed back or scaled back more than once)
- Fractured time and labor data collection that results in a delay of two or more days between data collection and posting or between data collection and payroll
- Managers who spend hours poring over data and spreadsheets to look for errors, discrepancies, and attendance issues
- Repetitive review and approval cycles between payroll and other departments
- Occasional discrepancies between payroll and attendance (indicating that employees may be punching a timeclock for other employees, better known as “buddy punching”)
- Overtime costs that are incurred days and sometimes weeks before your financial organization learns of them (too late, of course, to implement changes that would have prevented them)
- Complaints from employees about paycheck discrepancies — if payroll is shorting them. (If employees are getting paid too much, there’s a good chance you’re not hearing from them.)

If you’ve checked two or more of these symptoms your HCM system probably is leaking.

For more information about best-in-class time-and-attendance solutions that can help you seal leaks that may be leading to significant losses, visit ukg.com/products/time-and-attendance.



Our purpose is people

Connect with us online @UKG.com

© 2019, 2021 UKG Inc. All rights reserved. For a full list of UKG trademarks, please visit www.ukg.com/trademarks. All other trademarks, if any, are property of their respective owners. All specifications are subject to change. CV0787-USv2