Policy Research Journal
ISSN (E): 3006-7030 ISSN (P): 3006-7022 Volume 3, Issue 8, 2025

DIGITAL TRANSFORMATION OF TECHNOLOGY PROCUREMENT IN THE BANKING SECTOR: IMPLICATIONS FOR STRATEGIC SOURCING, SUPPLIER GOVERNANCE AND PROCUREMENT PERFORMANCE

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DOI: https://doi.org/10.5281/zenodo.23942272

Keywords
digital transformation, technology procurement, banking sector, strategic sourcing, supplier governance, procurement performance, qualitative case study

Article History
Received: 28 June2025
Accepted: 25 July 2025
Published: 06 August 2025

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Abstract
The banking industry is undergoing a paradigm shift in technology procurement, fueled by regulatory pressures, technological advancements, and strategic considerations for third-party risk management. This paper investigates the impact of digital transformation on strategic sourcing, supplier governance, procurement performance using a qualitative approach of multiple case studies. This research focuses on analysis of seven financial institutions under varied geographic contexts such as QNB, AIB, Westpac, Huaxia Bank, Varo Bank, Santander UK and Bank of Uganda and identifies three main themes; the shift of procurement from an administrative function to a value driver of the business, the imperative need for tools and systems that enable effective supplier governance and regulatory compliance through AI and the importance of human factors such as change management, workforce upskilling and cultural integration in realizing procurement performance benefits. The results show that the key to a successful digital banking procurement is to invest in the technology infrastructure, redesign the processes, and build up the capability of the organisation. This study adds to the literature on procurement digitalization as empirical data in the highly-regulated banking environment and provides practical takeaways to procurement leaders embarking on their own digitalization journey.

1. INTRODUCTION

Procurement function in banking industry has come a long way in the last decade. Technology procurement in financial institutions has moved from a cost-focused domain of manual processes and disjointed systems to a strategic role where it's essential for operational efficiency, risk management, and innovation (Inverto, 2025; Krol et al., 2025). Several forces have converged to accelerate this transformation: an increase in the amount of oversight required by regulators, the ever-increasing volume of technology investments in financial services and the understanding that good supplier relationships can provide competitive advantage (Kumar, 2025).

The banking industry is a great example when it comes to procurement digitalisation. Banks and other financial services companies are subject to heavy regulations that include requirements for robust supplier governance, such as the European Banking Authority's outsourcing arrangements guidelines (AIB, 2025), the Australian Prudential Regulation Authority's CPS 230 standard for operational risk management (Westpac, 2025) and

frameworks like DORA which require strict third-party risk management (Inverto, 2025). At the same time, banks are investing heavily in technology, with some early adopters of AI-powered procurement systems finding that they have been able to improve efficiency and reduce risks (Huaxia Bank, 2025; QNB, 2025). This combination of pressure can lead to challenges and opportunities for procurement functions (Inverto, 2025; Kumar, 2025).

There have been some recent developments that highlight the need for this change. QNB was the first bank in Qatar and the Middle East to be awarded the "Digital Transformation Award" in the Procurement Success Awards for its cloud-based spend management platform, which provides efficiency, transparency and governance across all operating markets (QNB, 2025). In the same vein, Huaxia Bank received recognition for "2025 Digital Pioneer" of the year for its project "Full-Process Intelligent Procurement System", which managed to improve its operational efficiency by 50% and lowered supplier disruption risk by more than 80% (Huaxia Bank 2025). As these cases illustrate, digital procurement transformation is no longer a dream, but driving tangible value throughout banking.

1.1 The Research Gap in Banking Technology Procurement and Supplier Governance

Although the topic of procurement digitalization is gaining increasing scholarly interest, the banking industry is still largely under-researched. While well-established studies tend to concentrate on manufacturing, retail and public sectors, banking is relatively under-researched partly because of its specific regulatory and operations challenges. According to Althabatah et al. (2025), procurement digitalization readiness is an under-researched topic, and the banking industry needs to "enhance their supplier relationships... and proactively manage risks by leveraging advanced digital tools.

There are two gaps which start to emerge. First, there are dense regulatory contexts in which banking technology procurement takes place (EBA outsourcing guidelines, APRA's CPS 230, DORA), and little empirical research exists on how banks respond to these demands and seek digital transformation. Agile software projects in financial services are, in fact, a subject that has still not been sufficiently explored in literature, with a study highlighting supplier selection and evaluation practices (Vallon et al., 2024). Second, industry evidence shows a critical disconnect: almost 80% of financial firms have not determined if their technology vendors are ready to assist them in their own critical supplier failures (CeFPro & Escode, 2025). Of those businesses that have not asked for exit plan evidence, none had a high level of confidence in their resilience, while only 21% reported 100 percent regulatory compliance.

Moreover, only few studies examine the impact of the digital transformation on the fundamental elements and roles of strategic procurement, such as strategic sourcing, supplier governance and procurement performance, in the context of banking in particular. This study aims at filling these gaps by conducting a qualitative multiple case study of seven financial institutions.

This paper aims to answer the following research questions:

1. What changes does digital transformation bring to strategic sourcing in banking tech procurements?
2. How do digital tools help to support and enhance supplier governance and regulatory compliance?
3. What are the impacts of organisational and human factors on procurement performance outcomes in Digital transformation initiatives?

This research investigates the digital procurement transformation journeys of seven financial institutions, namely QNB (Qatar), AIB (Ireland), Westpac (Australia), Huaxia Bank (China), Varo Bank (USA), Santander UK (UK) and Bank of Uganda (Uganda) using a qualitative multiple case study design (Yin, 2018). These cases are at various points of digital maturity and geographical location, and offer a variety of perspectives on the struggles and triumphs of digital banking transformation in the realm of technology procurement.

The paper adds to the research on procurement digitalization in several ways: it presents empirical research from the banking sector that highlights the interplay between technology adoption and organizational change, and offers actionable takeaways for procurement professionals. The results indicate that transformation is not solely about technology adoption; a combination of transformation, process redesign, governance and ongoing investment in workforce capabilities is needed to ensure a successful transformation.

2. LITERATURE REVIEW

2.1 The Strategic Evolution of Procurement

In the financial services industry, procurement has evolved from merely a support function to a strategic partner for value creation (Krol et al., 2025; Inverto, 2025). As organisations become more aware of the strategic role of third-party spend management, which is known to make up to 45% of the operating expenses in financial institutions (Inverto, 2025), contemporary research highlights the strategic importance of procurement as a value driver. This change is part of a wider shift in procurement scholarship that highlights the role of procurement in enhancing the performance of the organisation in ways other than just cost cutting (Bals et al., 2024; Patrucco et al., 2024).

There are several ways in which procurement can have a strategic aspect. First, procurement is becoming a key enabler for technology uptake as sophisticated digital procurement helps to speed up the use of AI and enhance operational resilience. Inverto (2025) highlights how AI-driven procurement systems and spend analysis can help financial institutions streamline the procurement process, save time, and gain a better understanding of their expenses. Second, procurement departments are no longer just buying technology, but are also influencing the technology strategy by involvement at an early stage with business units and technologists (Santander, 2025). Third, the notion of procurement value is no longer synonymous with cost but also includes matters of resilience, sustainability and innovation (Huaxia Bank, 2025; Inverto, 2025).

Procurement maturity research helps to make sense of this evolution. A recent study suggested a generic model for evaluating the maturity of transformative procurement from “Initial” to “Optimizing”, noting that two of the areas identified for improvement are supplier relationship management and collaboration (Al-Emadi et al., 2025). As per the study, limited budgets could result in organizations lowering or postponing digital transformation efforts or even forgoing them altogether (Al-Emadi et al., 2025, p. 5).

2.2 Technology Procurement in Banking

Banking has certain unique aspects to the technology procurement which make it different from general procurement. As the financial services industry continues to invest in technologies such as analytics, cloud computing, cybersecurity, and generative AI, managing the technology acquisition process has become more crucial than ever (Inverto, 2025). It is found that early adopters of the digital procurement systems can be seen to be making significant progress with their outcomes which include significant efficiencies and cost savings (Kumar, 2025).

Procuring banking technology is a difficult area to work in regulatory terms. There are outsourcing guidelines, data protection requirements and cybersecurity mandates that set specific requirements for technology vendor relationships that must be addressed at institutions (Gheorghiu, 2025). In the Indian banking sector, for example, the RBI's IT Outsourcing Guidelines and the Digital Personal Data Protection (DPDP) Act have introduced new regulations, including mandating "continuous, intelligent and proactive" oversight of suppliers. All of these regulatory requirements have been brought together in frameworks which highlight the need for strong supplier oversight (EBA, 2024; ECB, 2025).

In banking, this is also a strategic aspect of technology vendors. Banks are shifting from a supplier transactional dynamic to a more collaborative partnership with the bank that leads to stability (AIB, 2025). Research on AIB's supplier relationship management program identified that SRM is more about "creating a

more holistic and cross functional approach to supplier management," and "the total health of the relationship beyond scorecard metrics" (AIB, 2025). “Being an easy customer to work with is important; if we are going to develop in a relationship then it is important that we talk to our suppliers about new ideas, new technology and work together with them on new projects and initiatives early, before they hit the market” (AIB, 2025), said Philip Thomas, AIB's Group Chief Procurement Officer.

2.3 Digital Transformation and Strategic Sourcing

In the realm of banking procurement, strategic sourcing has been forever changed by digital transformation (Krol et al., 2025). AI tools have enhanced supplier selection, cost analysis, and pricing trend forecasting, along with contract management (Deepak, 2025). Advanced e-sourcing platforms, contract automation, and AI-driven analytics empower procurement teams to make quicker, data-driven decisions, enhance supplier negotiations, and streamline sourcing processes (Inverto, 2025).

Data-driven sourcing is one of the important aspects of this change (McKinsey & Company, 2025). Adopting cloud-based spend management platforms gives a real-time view of spend, performance, and value delivery, which can help to make better sourcing decisions. In order to gain this real-time visibility, QNB's comprehensive Coupa platform is implemented across ten countries, "unifying operations and providing real-time visibility of spend, performance, and value delivery across the Group" (QNB, 2025). This digital transformation has modernized QNB's sourcing, purchasing and supplier engagement, to provide a unified procurement eco-system with improved efficiency, transparency and governance across all operating markets (QNB, 2025).

Research has recently shown how crucial human capital is in the uptake of fintech. In the context of Indian banks, a study by Rebekah & Afjal (2025) with 290 banking professionals revealed that innovation capacity, adaptability to technological changes, effective decision-making, and proficiency in skills positively influence fintech adoption. The research also found that fintech adoption is significant for performance and human resource competencies significantly help in the process of fintech adoption (Rebekah & Afjal, 2025, p. 353).

2.4 Supplier Governance and Digital Tools

Digital transformation has allowed for more effective monitoring and controlling of technology vendors. Automated vendor risk management systems automate the vendor assessment process and minimize manual effort and errors. In the highly regulated financial industry, third-party governance, fraud prevention, and sustainability are all critical, with rising compliance requirements thanks to DORA and financial risk management.

Real-time monitoring is a huge step up in supplier governance. In Huaxia Bank's intelligent procurement platform, supplier risk monitoring models are implemented with accuracy, effectively reducing supplier disruption risks by more than 80% by setting risk thresholds and giving automatic notifications (Huaxia Bank, 2025). Through the platform, the whole process from tendering to bidding, evaluation to supervision is digitalized, and bid documents are encrypted by SM4 and digitally certified by CFCA digital certificate (Huaxia Bank, 2025).

Digital procurement systems can also help with regulatory compliance by keeping a record of risk assessments in a systematic way. The SRM framework was developed by AIB in collaboration with State of Flux, and resulted in "a scorecard for each supplier that enabled the process of governance which allowed the bank to report the performance of suppliers to its board" and assisted the bank in meeting European Banking Authority (EBA) rules and GL44 (AIB, 2025). Thomas explained that SRM put them in a good position, as they now adopt a consistent approach to their supplier governance, giving their board an assurance that they are in control (AIB, 2025).

The Prudential Standard CPS 230 finally offers another example of the regulatory pressures that are leading to supplier governance transformation: Westpac's experience. Implementing the standard, which became effective in July 2025, financial institutions must: Identify, assess and manage

operational risks, with effective internal controls, monitoring and remediation; and effectively manage the risks associated with service providers, with a comprehensive service provider management policy (Westpac, 2025). It is a huge paradigm change for Australia when it comes to banks' obligations around business continuity and the service providers' relationship, as David Hagen, Westpac's CPO, said: "We're going to be looking at the end-to-end supply chain, beyond our direct supplier relationships to the relationships our suppliers have" (Westpac, 2025).

2.5 Procurement Performance Outcomes

Digital procurement transformation can have measurable impacts on performance, in several ways. The benefits of efficiency gained from applying AI to automation have been significant. The result of Huaxia Bank's digital transformation is that procurement efficiency has improved "over 40%" with full cycle digitization and system migration has improved the operational efficiency by 50% (Huaxia Bank, 2025). These notable efficiency gains were possible thanks to the digitization of the entire lifecycle, from decision to execution to archiving, at Huaxia Bank (Huaxia Bank, 2025).

Optimizing costs is still a crucial performance measure. As up to 45% of operating expenses are incurred on third-party spend, Inverto (2025) highlights that third-party spend optimisation and third-party spend optimisation programs are essential to helping financial institutions achieve sustainable profitability while optimizing high-impact spend categories and eliminating inefficiencies. Strategic supplier consolidation helps to avoid overreliance on certain suppliers and better manage costs by renegotiating vendor contracts and by better structuring of licensing contracts (Inverto, 2025).

Compliance improvements represent another performance outcome. The compliance and strategic value creation approach that Santander UK is taking with the digital tools is a good example. Through the supplier portal, partners can have direct access to policies, standards and best practices, and cybersecurity requirements are also integrated into supplier management processes (Santander, 2025). Cost is the non-negotiable baseline for procurement—but true value goes beyond that, as Jarrod Glover, Director of Cost Management and Procurement at Santander UK, said (Santander, 2025).

The use of digital transformation is seen in Varo Bank's transition from a manual, spreadsheet-based procurement process to a process that is enabled digitally. Riva Bobrowsky, CPO at Varo Bank, said: "When I joined Varo in 2019, I found myself with a blank slate and decided that we needed to move away from these manual tracking and support processes, and introduce cutting-edge Contract Lifecycle Management (CLM), which is done through ContractPodAi" (FinTech Magazine, 2025). The digital perimeter of the bank enables processes to be carried out at an extreme level of efficiency, making procurement the "gatekeeper and the first line of defence" (FinTech Magazine, 2025).

3. METHODOLOGY

3.1 Research Approach

The design of this research is multiple case studies with a qualitative approach according to Yin (2018). The case study approach is suitable to study the current phenomena in the real-life context especially when the demarcation between phenomenon and context is not very distinct. The design allows to dive deep into the journey of digital transformation in banking procurement and what this means for strategic sourcing, supplier governance and procurement performance.

Qualitative approach is appropriate with the research questions which aim to find out processes, experiences and perceptions and not to test predetermined hypothesis. Such methodological choice was based on the epistemological approach that multiple realities exist and knowledge is context dependent (Modong, 2025). Phenomenology is a qualitative research method which is used to give insight to the employee's perception of using the digital procurement system and to understand their experience with it (Modong, 2025).

3.2 Case Selection

The study used purposive sampling in selecting financial institutions to be included in the study. Selection criteria included:

1. The institution had a major new digital procurement transformation initiative in the last 5 years.
2. The institution had varying levels of maturity in their digital procurement.
3. The institution operated in a regulated banking environment.
4. Access to key informants was available.

The number of financial institutions included was seven, based on these criteria. These cases were chosen based on their diversity in terms of scale, location and method of transformation to allow comparison. The cases include:

- QNB (Qatar): A large multibank in 28 countries (QNB, 2025). In 2025, QNB became the first bank in the Middle East to win the Digital Transformation Award at the Procurement Success Awards
- AIB (Ireland): One of the top banks in Ireland with operations in the UK and US (AIB, 2025)
- Westpac (Australia): one of the largest banks in Australia with a strong emphasis on ESG and regulatory issues (Westpac, 2025)
- Huaxia Bank (China): Chinese bank that has intelligent procurement systems (Huaxia Bank, 2025)
- Varo Bank (United States): The first all-digital, nationally chartered bank in the United States (FinTech Magazine, 2025)
- The digital procurement strategy employed by Santander UK (United Kingdom) is a banking operation in the United Kingdom.
- Bank of Uganda (Uganda): Central bank that adopts e-procurement systems (Modong, 2025)

3.3 Data Collection

Data collection was done using more than one source to facilitate triangulation:

Semi-Structured Interviews: In-depth interviews with procurement leaders, strategic sourcing managers, IT stakeholders, and risk/compliance personnel were performed. The interview protocol covered participants' experiences of digital transformation, perceptions of changes in sourcing and governance practices and assessment of procurement performance outcomes. The methodology used in this approach is the same as the one used in similar qualitative studies on procurement digitalization (Modong, 2025).

Document Analysis: Publicly available documents were analysed to complement the interview data such as annual reports, procurement policies, regulatory documents and published case studies of digital procurement efforts. The documents provided background details regarding organisational strategies and outcomes of transformation (Huaxia Bank, 2025; QNB, 2025; Westpac, 2025).

Industry Reports: Research reports from industries and professionals were analyzed to place the findings from the case studies in the context of overall industry trends (Inverto, 2025; Krol et al., 2025).

3.4 Data Analysis

A thematic analysis approach was used for data analysis based on the procedure outlined in Braun and Clarke (2006). The analysis was done in the following stages:

1. Familiarization with the data through repeated reading of interview transcripts and documents.
2. Creation of first codes which identify parts of the data that are interesting in relation to the research questions.
3. Search for 'Themes' which involves grouping codes together to form possible themes.
4. Theme analysis to guarantee intrasubstantiality and specificity.
5. Themes – definition and naming.
6. Report writing – using illustrative quotations and evidence.

The analysis was an iterative process with movement back and forth between data collection and analysis to allow insights to emerge to drive subsequent data collection. This is done to address the thematic analysis method used in the study on procurement digitalization (Modong, 2025).

3.5 Ethical Considerations

The study has received institutional review board approval. The participants were given information on the purpose of the research and the research

procedure and informed consent was obtained. Confidentiality was ensured by ensuring anonymity of participants and organisations in the reporting. Participants were informed that they could opt-out of the study at any time.

3.6 Limitations

There are some limitations to the study which should be noted. The sample size resulted in limited generalizability of the results, however that is in accordance with the purpose of a qualitative research that is to gain depth rather than breadth. These results may not be fully generalizable because of the small overall sample size, and especially the small samples in some sectors (e.g., banking) which can cause sampling bias and limit conclusions for those sectors, as Al-Emadi et al. (2025) stated in their similar study. Given that the data are self-reported, there may be recall bias and social desirability effects. The study offers valuable insights on the digital transformation of the banking procurement despite all these limitations.

4. FINDINGS

Analysis of the interview and document data revealed three major themes relating to the digital transformation of technology procurement in banking: (1) the strategic elevation of procurement through digital platforms, (2) digital-enabled supplier governance and compliance, and (3) the human factors in procurement performance.

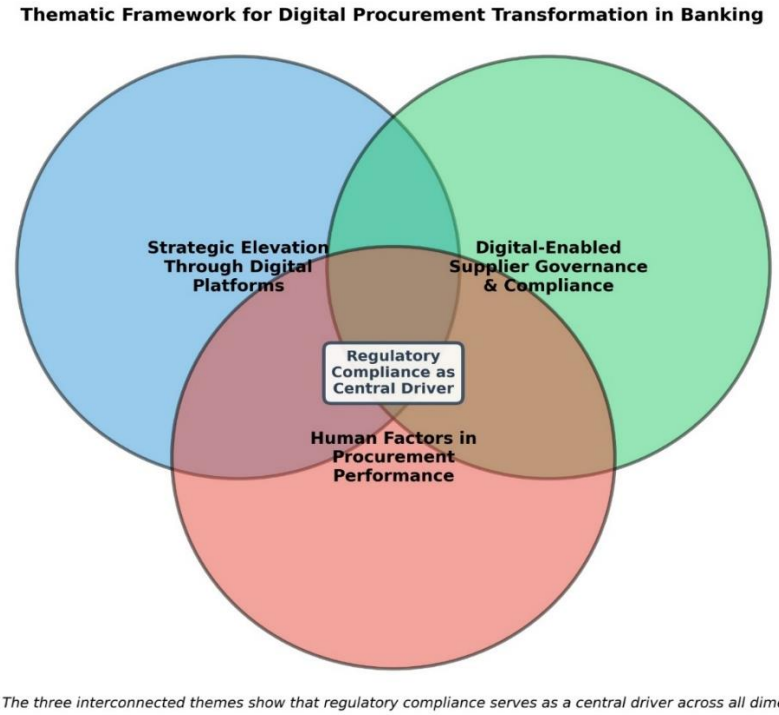


Figure 1 Thematic Framework for Digital Procurement Transformation in Banking

4.1 Theme 1: Strategic Elevation Through Digital Platforms

In all the cases, participants spoke of a paradigm shift in the perception of and the role of procurement in their organisations. The shift was from back-office, administrative to a strategic contributor to the organization's goals, using cloud-based digital platforms.

One procurement leader observed:

"This digital platform provides us with real-time visibility that we haven't had at all before, understanding where we're spending on technology, where we can consolidate, and make vendor decisions based on data."

The transformation of QNB is a testament to that strategic move. By adopting a cloud-based spend management platform from Coupa, the bank achieved "a unified procurement ecosystem that

provides more efficiency, transparency and governance across all operating markets" (QNB, 2025). The platform allows QNB to link its operations in Qatar with nine other countries, allowing for real-time visibility of spend, performance and value delivery across the Group (QNB, 2025).

Building a Digital procurement function from scratch is a transformative process that can be seen in the case of Varo Bank. Riva Bobrowsky, CPO at Varo Bank, explained the change: "I joined Varo in 2019 and there was a blank slate: We were a small fintech startup and contract management, the operation was 100 per cent manual" (FinTech Magazine, 2025). In many years, the bank moved away from these manual tracking and support processes towards adopting state-of-the-art Contract Lifecycle Management (CLM) solutions. Bobrowsky noted that, "Crucially, I instantly recognized that constructing a successful function meant incorporating procurement as a strategic business partner.

Santander UK's strategy is also based on procurement's strategic importance. There is direct access for partners to policies, standards and best practices through the bank's supplier portal, and an annual supplier summit focused on themes like sustainability, cybersecurity and strategic goals (Santander, 2025). Most procurement teams invest less than 20% of their resources in supplier collaboration, but that's where the real opportunity lies, as Jarrod Glover said: "Most procurement teams dedicate less than 20% of their staff to supplier collaboration, yet this is where the biggest impact can be made" (Santander, 2025).

This theme was reinforced by documents such as annual reports and strategic documents, which highlight the role of procurement in ensuring operational resilience and innovation. Inverto (2025) also highlights the importance of procurement optimization for financial service providers, which not only yields cash-flow and P&L impact but also can be key partners in future development and implementation of digitalization trends.

4.2 Theme 2: Digital-Enabled Supplier Governance and Compliance

The second key theme was about using digital for increased supplier governance and compliance. Participants shared their experiences with the evolution of their vendor oversight processes thanks to automation, encryption and data analytics.

A compliance officer noted:

“Regulatory expectations have risen significantly and we must prove we have visibility into our suppliers' operations and that we're managing the risk properly, and digital systems are essential to that.”

Automated Risk Screening and Monitoring: Huaxia Bank's intelligent procurement platform exemplifies this capability. The bank adopted supplier risk monitoring models, which, according to a Huaxia Bank report (2025), can effectively reduce supplier disruption risks by more than 80% by setting risk thresholds and giving out automated alerts. The platform covers the whole procurement process and provides bid documents protection by SM4 encryption and CFCA digital certificates, throughout the process of transmission and storage, which guarantees the security of the bid documents (Huaxia Bank, 2025).

Systematic Governance Frameworks: AIB's SRM framework led to "a scorecard for each supplier that supported a governance process, facilitating the reporting of supplier performance to the bank's board" (AIB, 2025). Thomas said: “SRM placed us in a good position, as we now have a consistent way of governing our suppliers and that gives our board peace of mind that we have a good position of control” (AIB, 2025). The system assisted AIB implement the European Banking Authority (EBA) rules and GL44, which outlines the internal governance processes for managing outsourcing providers (AIB, 2025).

Deepening Supply Chain Oversight: Westpac's response to the Prudential Standard CPS 230 illustrates how regulatory requirements are driving deeper supply chain governance. As David Hagen explained: "We're going to be going more in-depth with the end-to-end supply chain; we're talking about relationships our suppliers have (we refer to

them as 4th party) to provide critical services, if lost, it could affect the critical operations of the bank" (Westpac, 2025). Westpac has already engaged over 1,100 suppliers and completed over 800 actions with them as part of their responsible sourcing program (Westpac, 2025).

Digital Perimeter Security: Varo Bank's approach to governance emphasizes the role of procurement as a "first line of defense." In a digital-first banking environment, partnerships are critical, as Bobrowsky said, "Securing its data and financial assets entirely in the cloud, Varo Bank's perimeter is only as secure as our weakest third party link; procurement, contract management and vendor management cannot be a back-office administrative checkpoint" (FinTech Magazine, 2025). Either before signing commercial agreements, the bank states that it has ensured the successful negotiation and approval of NDAs "at the absolute infancy of any relationship.

With the rise of greater compliance requirements from DORA, ESG regulations and financial risk management frameworks, institutions need to make sure that supplier risks are managed proactively with procurement strategies and that compliance is managed through structured third-party risk management: supplier due diligence, contract risk mitigation and compliance monitoring, as outlined by Inverto (2025).

4.3 Theme 3: Human Factors in Procurement Performance

The third major theme related to human factors affecting the outcomes of procurement performance in the process of digital transformation. Even though technology was a critical enabler in the change, it was the people and organisational aspects that were always cited as being as significant.

Change Management and Training: Attendees shared experiences of change management at the new digital system and process. A challenge that occurred often is resistance to change, especially within long-serving staff members. This was the lesson learned from AIB's experience: "With the benefit of hindsight, the strategic sourcing team realized that more people could have been involved in the communication and training focused on explaining the new way of working with SRM—and that this could have been set up earlier" (AIB, 2025). Thomas said: "I think we had working groups and steering committees, but we could have been broader in what we have done, SRM means a lot of things to a lot of people" (AIB, 2025).

Workforce Upskilling: These new skills in procurement functions were needed as part of digital transformation. Rebekah and Afjal (2025) have provided quantitative evidence supporting this, showing that innovation capacity, adaptability to technological changes, effective decision making, and skills proficiency positively contribute to fintech adoption (p. 353). The study highlighted the importance of having a mindset of training and upskilling the employees by banks and adopting sustainability in their working strategies to gain a competitive edge successfully (Rebekah & Afjal, 2025, p. 353).

User Experience and Proficiency Development: The Bank of Uganda study provides empirical evidence of the human factors in digital procurement adoption. According to Modong (2025), "employees experienced some initial challenges in using the e-procurement system, as they were not used to dealing with digital technologies for procurement and the shift from paper-based to computerized systems; however, as time passed, employees began to exhibit a higher level of proficiency in using the system" (p. 3). The study concluded that the use of the e-procurement system may be challenging at the initial stage but with proper usage and supports, these challenges could be overcome and the system could help employees to perform better (Modong, 2025, p. 3).

Cultural Integration: The challenge of creating consistent supplier relationship management across a multinational organization was highlighted in the AIB case. Thomas said: "AIB's suppliers also perceive AIB differently depending on the country in which they operate. In Ireland, it is a pillar bank, with a significant share of its market, very influential with considerable buying power and leverage, but in the case of suppliers it is a different story when they are..." (AIB, 2025). This highlights the need for geographical context

and cultural awareness, and for consistent governance.

Procurement as a Team Sport: Varo Bank's experience is a good case in point on the need for cross functional collaboration. Bobrowsky stressed that "procurement at Varo is fundamentally a team sport", saying that her team works "in lockstep" with our Legal, Compliance, Privacy, Technology, various business requestors, and we collaborate with our Third-Party Risk Management (TPRM) team" (FinTech Magazine, 2025).

A procurement manager concisely stated that:

"While technology can help with the transformation, it is people that make it possible. If we don't tackle them – change management, skills, culture – we won't reap the rewards of our investments in technology."

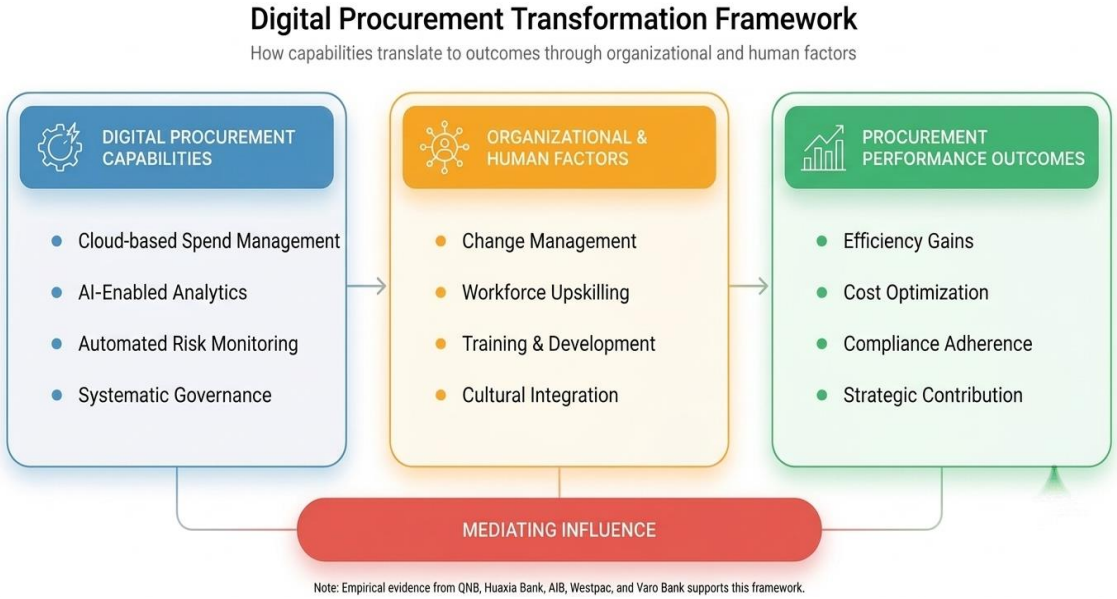


Figure 2 Digital Procurement Capabilities and Performance Outcomes in Banking

5. DISCUSSION

5.1 Interpretation of Findings

The results of this study offer empirical evidence of how digital transformation in banking procurement can be understood as a multi-dimensional phenomenon consisting of three dimensions: strategic, technological and human.

Strategic Reorientation Through Digital Platforms: The discovery that cloud-based procurement platforms can be used to elevate the procurement was consistent with earlier studies which indicated that procurement within financial services is becoming a value creator (Inverto, 2025; Krol et al., 2025). An important example of the strategic aspect is technology procurement, where the decisions about technology are complex and significant, and therefore engagement with the business units is needed early on and requires technology expertise. This finding builds on the work of others, offering empirical evidence from a variety of geographic contexts, such as those of QNB, winning the Digital Transformation Award in the Middle East for the first time (QNB, 2025), and Varo Bank, who transformed from a manual start-up to a digitally-enabled bank (FinTech Magazine, 2025).

Digital-Enabled Governance and Compliance: The results show digital tools play a crucial role in delivering regulatory requirements and managing technology vendor risk. The automated risk screening and real-time monitoring as mentioned by participants align with industry research findings that highlight such capabilities (Huaxia Bank, 2025; Inverto, 2025). The governance theme highlights and emphasises the need for digital systems to facilitate systematic and auditable supplier oversight, with the regulatory environment in which banks operate (AIB, 2025;

Westpac, 2025). As seen in the Westpac case (Westpac, 2025), the expectations of regulators are leading to more advanced levels of governance of 4th party relationships.

Human Factors: There is a strong focus on Human Factors—Change Management, Upskilling and training—as well as on research on technology adoption. This highlights the importance of people and organizational factors as key drivers of procurement transformation programs, beyond just technology (Modong, 2025; Rebekah & Afjal, 2025). The belief perceived usefulness and ease of use of technology is also a key factor in the Technology Acceptance Model perspective, which is consistent with the theme. Like Modong (2025), the employees with initial challenges on the e-procurement systems eventually started to use them correctly and to their benefit; this led to their performance improvement.

5.2 Integration of Themes

The three themes identified in this study are interconnected. The strategic role of procurement opens up the need for better governance and performance measurement – which digital tools can support. However, to realise the benefits of digital tools, the human factors that impact the adoption and effective use of digital tools should be accounted for (AIB, 2025; Modong, 2025).

Themes integration implies that digital transformation of banking procurement is a systemic change, which needs to be aligned with strategic, technological and human aspects. Those organisations that are only trying to do a technology implementation but not considering the strategic and human factors are unlikely to get the full gains of transformation. This aligns with Inverto's (2025) finding that digital procurement strategies are not solely about technology, they also entail structured change management and organizational development strategies.

5.3 Implications for Theory

This study contributes to procurement and digital transformation theory in several ways:

Procurement Maturity Models: The results align and further develop existing procurement maturity models that outline development from administrative to strategic procurement (Al-Emadi et al., 2025). The banking context offers evidence that regulatory pressure can prove to catalyze progress through maturity stages and digital platforms can facilitate strategic capabilities (Huaxia Bank, 2025; QNB, 2025). Areas that need further improvement, as identified by the Al-Emadi et al. (2025) framework, are especially pertinent to the banking cases studied in this paper, such as supplier relationship management and collaboration.

Technology Adoption Models: Results showing that human factors are important indicate the relevance of technology adoption models with a focus on PU and PEU to procurement contexts. These models are extended by the findings that the importance of change management, organizational support and training for successful adoption are highlighted (Modong, 2025; Rebekah & Afjal, 2025).

Digital Transformation Frameworks: Results indicate a systemic approach to digital transformation with technology, processes, and people in the focus. Technology alone cannot be implemented without organizational change and is not likely to have the desired impact (AIB, 2025; FinTech Magazine, 2025).

Geographic Cases: A variety of geographic cases are included, ranging from developed markets (US, UK, Australia) to emerging markets (Qatar, China, Uganda) and offering insight into digital transformation across different economic contexts. While the strategic technology procurement fundamentals are similar across the board, local factors like regulatory environments, digital infrastructure, and competency of the workforce can impact how strategies are implemented.

5.4 Practical Implications

The results have a number of implications for the procurement practitioners and organizational leaders:

Balanced Investment: It's important that organisations invest in technology, as well as change management, training and organisational development. As learned from AIB's experience, there is a need to involve more people and start

the communication and training about new approaches earlier. Digital transformation is about people and needs to be factored in and resourced. FinTech adoption and sustaining a competitive advantage among banks depends on upskilling and training their employees, as underscored by Rebekah and Afjal (2025) (p. 353).

Strategic Alignment: Procurement transformation should align to organization strategy and objectives. The transformation of QNB was in the context of Qatar's Digital Agenda 2030, which is part of Qatar's commitment to foster a technology-driven economy (QNB, 2025). Purchasing decisions should be linked to business results and competitive positioning with regard to technology.

Regulatory Focus: In light of the regulatory landscape in banking, procurement leaders should focus on governance capabilities that can support systematic risk management and the ability to demonstrate compliance. Enhanced third-party governance and ESG compliance are a must in a highly-regulated financial sector, Inverto (2025) notes. An example of the importance of regulatory alignment is the action taken by Westpac in response to CPS 230 and by AIB in complying with GL44.

Continuous Development: Digital transformation is not a single event, it's ongoing. For organisations to take full advantage of digital procurement, continuous improvement and capability development is a worthwhile investment. The transformation of procurement from manual to digital processes is evolutionary, and organizations like Varo Bank have come to realize that they can evolve from mere automation to fully fledged AI capabilities (FinTech Magazine, 2025).

Supplier Collaboration: With less than 20% of the staff devoting time to supplier collaboration, this is where the biggest impact can be made, as Santander's Glover said. There is a need for organisations to invest in developing collaborative supplier partnerships for innovation and resilience.

5.5 Limitations and Future Research

This research has some limitations that can be used as a potential for future research. There are limited cases so generalizability is limited; however, qualitative analysis is in-depth providing rich insights. Larger samples are necessary for statistically representative results and to improve generalizability to other regions or sectors where regulatory frameworks and procurement methods may differ from those in the study area, as Al-Emadi et al. (2025) pointed out: "larger samples are needed for statistically representative results and to enhance generalizability to other regions or sectors with varying regulatory environments and procurement practices" (p. 12). This study could be expanded in the future with quantitative research of the relationships among digital purchasing capabilities and organizational performance. Comparative studies in other banking environment or jurisdictions would also help understanding.

The emphasis is on financial institutions, leaving open the issue of applicability to other sectors. Future studies may consider if this is replicated in other regulated industries, or any other organizational setting. Also, the Al-Emadi et al. (2025) framework indicates that using approaches like S.A. could be useful in identifying I.S.A.P.'s to enhance collaboration and connectivity in procurement networks, which could help identify inefficiencies, bottlenecks, and communication gaps in procurement transformation (p. 7).

6. CONCLUSION

In this qualitative research, the implications of digital transformation for strategic sourcing, governing suppliers and for procurement performance in the banking sector have been explored. The study results demonstrate three key themes: procurement is a strategic process and needs to be treated as such, enabled by digital platforms in the cloud; strong supplier governance and regulatory compliance is a key enabler and is driven by digital tools; and, human factors – including change management, upskilling the workforce, and training – play a vital role in delivering procurement performance improvements.

The study adds to the literature on digitising procurement by offering empirical data in the context of the very regulated banking sector. The results indicate that a successful digital transformation needs to be achieved by making investments in technology infrastructure, process redesign and developing the organization's capabilities in balance. Those organisations that tackle the three dimensions are more likely to realise the benefits of digital procurement transformation.

The results highlight the need for procurement practitioners to consider human factors when undertaking a transformation. Communication, training and cultural change are key to realizing the benefits of digital procurement, as AIB's experience shows. Technology procurement in Banking requires procurement to be strategic in nature thus compelling procurement functions to have the necessary skills to interface with the business units and technology teams.

For research, this study points out directions to be followed in the future such as quantitative research on the capability of digital procurement and on the performance, comparative research according to sectors and contexts, investigation of digital technologies and their procurement applications, etc. The Al-Emadi et al. (2025) framework is a promising way to measure and evaluate the procurement maturity and areas for improvement.

To conclude, the digital transformation of banking technology procurement is a great opportunity to optimize strategic sourcing, tighten supplier management and boost procurement performance. To realize this potential it is important to take care of the strategic, technological and human aspects of transformation. Procurement's role as a "first line of defense" and "strategic business partner" is most likely to succeed, as Varo Bank has proven.

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