

Purchase Requisition (BANF): The Starting Point of Every Procurement Process

The purchase requisition, or BANF for short, is the formal document or system entry with which a functional department reports its requirement for materials, services or capital goods. It marks the first step in the procurement process and triggers all subsequent activities, from the review phase through to the purchase order. Without a clean BANF, Purchasing lacks the mandate, time basis and data quality for efficient procurement.

Key facts

- The BANF is the formal requirement notification from a functional department and the trigger for the entire procurement process.
- Core contents are the material number or service specification, quantity, required date, requester and cost centre.
- In practice, a distinction is typically made between direct (production-related) and indirect requirements, as well as spontaneous and planned requirements.
- Digital BANF capture in an ERP or procure-to-pay (P2P) system reduces errors, processing times and maverick buying.
- Approval stages, budget checks and supplier assignment are the central control points of a BANF.
- KPIs such as cycle time, proportion of BANFs without an order reference and approval duration measure process quality.

Definition: purchase requisition (BANF)

The purchase requisition (BANF) is the written or system-supported process by which a requisitioner in the company informs Purchasing of the need for goods or services and formally requests them. It is neither a purchase contract nor a purchase order, but an internal document that specifies the future requirement and serves to trigger procurement.

Distinction from the purchase order

The BANF comes from the functional department and describes the what, when and how much – whereas the purchase order comes from Purchasing and is the legally relevant purchase offer directed at the supplier. Only after review, approval and processing by Purchasing does a BANF become a purchase order or, in the case of framework agreements, frequently a call-off order. This separation ensures functional control: the person who generates the requirement does not conclude the contract themselves.

Direct and indirect requirements

Direct BANFs concern materials that go into the product and are planned via the bill of materials (BOM) – for example, raw parts, semi-finished products or purchased components. Indirect BANFs cover production supplies, MRO materials, operating equipment, IT, services and contract manufacturing.

While direct requirements are often generated automatically from the ERP system, indirect requirements in practice usually run via catalogue-supported self-service ordering or manual requisition forms.

Content and structure of a BANF

A usable BANF must be complete enough that Purchasing can act without further queries. Incomplete information is the most common cause of long cycle times and incorrect purchases.

Mandatory details

The standard includes material number or free-text specification, quantity and unit of measure, required date or requested delivery date, cost centre or project, requester and, where applicable, a delivery address. For services and contract manufacturing, a clear statement of work or drawing must be included so that the supplier can submit a reliable quotation. For new introductions during series launch (SOP), the BANF should already reference the planned bill-of-materials position.

Specification for free-text items

Not every material has a material number. In such cases, the quality of the specification determines the success of the process: technical data sheets, standards references, sketches or references to previous orders replace the missing identifier. In practice, it has proven useful to maintain text modules and free-text catalogues so that requisitions remain comparable and analysable – otherwise the later basket analysis loses its informative value.

Methods and approach: from demand determination to order approval

The path from demand identification to purchase order follows a fixed sequence in most companies. The digital representation in an ERP or procure-to-pay (P2P) system has largely replaced the paper-based requisition form.

Demand determination and planning

Direct demand is typically determined by material planning based on bills of materials, production orders and consumption figures, and is automatically generated as a notification. Indirect demand arises on an event-driven basis: a user identifies a replacement need or a project requires new services. An upstream inventory analysis helps to check stock levels and open purchase orders before a requisition is even raised – this avoids duplicate procurement.

Review and approval

After capture, the BANF goes through a review and approval loop: budget availability at the cost centre, technical review by specialist departments and, where applicable, a value analysis for high amounts or new materials. Approval rules in practice are usually value-tiered: the higher the value, the higher the approval level. Sustainability-relevant requests can additionally be linked to criteria such as SBTi targets or supplier certifications.

Procurement route and supplier assignment

After approval, Purchasing determines the procurement route: framework agreement with call-off order, tender, direct award or catalogue order. If a supplier contract with a price formula or price adjustment

clause already exists, the requisition can be converted directly into a call-off. For new services, a structured contract negotiation often follows in practice.

Key KPIs for the BANF

The process quality of the purchase requisition can be measured. Those who plan continuously identify weaknesses before they lead to delivery delays or additional costs.

Cycle and approval times

The time from BANF capture to order transmission is the key metric. In practice, good values for direct materials are often in the range of one to three days, while complex services take considerably longer. A breakdown by approval stage shows where processing stalls – frequently at overloaded approvers or incomplete requests.

Quality of requisitions

Relevant metrics include the proportion of rejected or reworked BANFs, the rate of fully automated order conversion and the rate of maverick buying, i.e. procurement outside the approved process. The number of open BANFs without an order reference and their ageing also belong on the dashboard – often supplemented by an inventory health dashboard that consolidates demand, stock and procurement status in a single view.

Demand accuracy

The hit rate between the quantity requisitioned and the quantity actually consumed shows how realistic demand planning is. Large deviations lead to excess stock, minimum order quantity problems or cancelled call-offs, which cost trust with the supplier. For indirect demand, the regular analysis of free-text items helps to convert recurring requirements into standard items with material numbers.

Risks and controls in the BANF process

The BANF is both a control instance and a weak point. Whoever allows weaknesses here later loses control over expenditure, delivery times and compliance.

Maverick buying and budget overruns

Without binding requisition routes, departments immediately buy directly, bypass negotiated price terms and lose discounts agreed under the framework agreement. Countermeasures include catalogue solutions, clear value thresholds, prohibitions on alternative procurement and transparency through regular analysis of procurement volumes. Violations of agreed Incoterms such as FCA, which lead to unnecessary transport costs or an unplanned freight surcharge, also often have their origin here.

Specification and deadline controls

Vague specifications lead to multiple queries, incorrect deliveries and subsequent complaints, which then burden the complaints management process. The requested date must be realistic: anyone who calls off without allowing for lead times gains acceptance neither from internal nor external suppliers. For time-critical requirements such as slot booking in shipping or tightly sequenced production call-offs, otherwise chargeable empty runs threaten.

Compliance and traceability

Approval rules, the four-eyes principle and complete documentation protect against corruption and compliance risks. For service providers billing via a statement of performance, the BANF should already reference the contractual basis so that billing and work performed can later be audited. Tax and commercial law requirements – for example, in the case of long-term contractual relationships or international deliveries with currency hedging (FX) – also require a cleanly documented requisition chain; the design should be professionally reviewed on a case-by-case basis.

Current developments: digitalisation and automation of the purchase requisition

The BANF process is changing significantly through digital platforms, automatic planning and AI-supported assistance systems. The goal is less bureaucracy combined with stricter control.

Catalogues, self-service and automation

Catalogue-based procurement transfers the requisition into the hands of the user: they select from approved items in the shop, prices and terms are predefined and approval is workflow-controlled. Fully automatic conversion into a call-off order is standard practice for framework agreements. For recurring services such as contract manufacturing, matching platforms that combine enquiry, specification and supplier selection in a single process are growing.

Artificial intelligence and forecasting

AI assistance systems suggest material numbers for free-text requisitions, identify duplicate requisitions and improve demand forecasting through pattern recognition in historical data. This reduces processing effort and improves planning accuracy – particularly for irregular indirect demand. At the same time, human expert review remains important, because incorrect specifications have expensive consequences.

Strategic integration of purchasing

The BANF's early indication value is used strategically: aggregated requisition data provides the basis for basket analyses, supplier consolidation and building a strategic partnership with key suppliers. Formats such as a supplier day use this data to discuss demand outlooks and innovation topics with suppliers. In supplier crisis communication, too, current BANF and call-off data are the basis for reliable volume forecasts.

Typical metrics

Lead time from requisition to purchase order: typically 1–5 working days for standard requests

Approved catalog orders often take less than 1 day; approval and sourcing steps extend the lead time.

Share of digitally captured requisitions: commonly 60–95 % in practice

Higher rates indicate a mature procure-to-pay process and less maverick buying.

Maverick buying rate (requisitions without purchase order reference): usually targeted below 5–10 %

Measures how much demand bypasses the regulated purchasing process.

Average approval time: often a few hours up to 2 working days per approval step

Depends on approval levels, order values and approver availability; automation significantly shortens it.

Requisition volume per buyer: in practice often several hundred to over 1,000 line items p

Indicator of process productivity; strongly influenced by standardization and catalog share.

Error or rework rate on requisitions: typically below 5 % with digital capture

Covers incomplete data, wrong cost centers or missing specifications; manual entry is considerably higher.

Practical example

A mid-sized mechanical engineering company with around 350 employees found that 40 per cent of its indirect BANFs were submitted as free-text requisitions without a material number. Each requisition required several queries between the department and Purchasing, and the average cycle time exceeded one week. After introducing a P2P system with text matching, a catalogue solution for recurring requirements and value-tiered approval, the proportion of free-text requisitions fell significantly and the cycle time for standard items halved in practice within one year.

- Introduction of a text-based matching process that automatically assigns material numbers to free-text requisitions.
- Establishment of a corresponding catalogue for indirect materials with predefined terms and suppliers.
- Value-tiered, workflow-controlled approval with automatic budget check at the cost centre.
- Monthly analysis of cycle times, free-text quota and open BANFs without an order reference by Purchasing.

Conclusion

The purchase requisition is more than an administrative form: it is the starting point at which the quality, timeliness and cost of the entire procurement are decided. Companies with a clean, digitalised BANF process achieve shorter cycle times, less maverick buying and a better data basis for strategic decisions. The biggest levers lie in complete specifications, clear approval rules and consistent KPI measurement. Those who analyse their requisition data strategically can also make supplier partnerships and price negotiations more robust. The investment outlay for systems and process communication typically pays off quickly in practice.

Frequently asked questions

What does BANF mean in purchasing?

BANF stands for Bedarfsanforderung (purchase requisition) and refers to the formal notification from a functional department to Purchasing that materials or services are required. It typically contains the material number or specification, quantity, required date and cost centre. The BANF is not a purchase contract, but rather triggers the procurement process, which then leads to a purchase order or call-off order.

What is the difference between a BANF and a purchase order?

The BANF originates within the company – more precisely from the requisitioner – and describes the requirement. The purchase order is created by Purchasing and is the legally relevant purchase document directed at the supplier. Only after review, budget approval and supplier assignment does the

BANF become a purchase order; in the case of framework agreements, typically as a call-off order.

What information should be included in a purchase requisition?

Mandatory details are the material number or a unique specification, quantity with unit of measure, required date, cost centre or project, requester and, where applicable, the delivery address. For services and contract manufacturing, a statement of work, drawings or technical data sheets should be included. The more complete the requisition, the faster and more error-free the procurement process.

How long does it take to process a BANF?

This depends heavily on complexity and process maturity. In practice, values of one to three days are achieved for direct materials with a framework agreement and automatic approval, while complex service orders or capital expenditure with multiple approval stages can take considerably longer. Regular measurement of cycle times by approval stage shows where the process is stalling.

What is maverick buying and how does it relate to the BANF?

Maverick buying refers to purchases made outside the approved process and agreed terms – for example, when a department orders directly from a supplier without raising a BANF. The consequences are lost discounts, lack of compliance and no data basis for analysis. Remedies include catalogue solutions, clear value thresholds, simple digital requisition and transparency across all procurement volumes.

How can the BANF process be digitalised?

Typical steps include introducing an ERP or procure-to-pay (P2P) system with workflow-controlled approval, catalogue-based procurement for recurring requirements and automatic conversion into call-off orders under framework agreements. Text matching and AI assistance help to assign free-text requisitions to material numbers. Clear approval rules and regular analysis of cycle times and requisition quality are also important.