



2025

# Risks on the Rise



# Risks on the Rise : 2025

Earlier this year, one of our LinkedIn posts shared the perspective on the **Top 5 Risks of 2025 (Navigating What's Next)** — cybersecurity, business continuity, human capital, digital disruption, and climate change — highlighting how interconnected risks demand new approaches to resilience.

Building upon this foundation, we now direct the attention to the two risk areas that are experiencing the most significant growth this year: **Digital disruption and Geopolitical uncertainty**. Leaders are being compelled to reconsider their risk preparedness for 2025 and beyond as a result of the rapid acceleration of both, which is reshaping enterprise strategies.



# Geopolitical Uncertainty and Digital Disruption Lead the Surge in 2025

The surge in 2025 is primarily driven by digital disruption and geopolitical uncertainty. The Institute of Internal Auditors' Internal Audit Foundation's most recent Risk in Focus research indicates that geopolitical uncertainty and digital disruption are experiencing the most significant increases in risk levels this year.

The survey of over 4,000 internal audit practitioners in 131 countries reveals two distinct themes that are influencing the global risk landscape: rapid technological transformation and geopolitical instability.

- The risk of geopolitical uncertainty increased by 10% in comparison to the previous year.
- Artificial intelligence was the primary driver of digital disruption, which increased by 9 percentage points.
- Cybersecurity remains the most significant global risk, with 73% of respondents indicating that it is one of their top five concerns.





# Geopolitical Uncertainty: A Defining Risk for 2025

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The sharpest increase of any category was observed in the fact that 38% of respondents worldwide ranked geopolitical and macroeconomic uncertainty in their top five risks this year. The increase was even more pronounced in North America, with 45% of respondents identifying it as a top five risk, a 19-point increase from 2024.

Federal funding changes, abrupt shifts in U.S. trade and tariff policies, and broader political volatility are all contributing factors. Additionally, these uncertainties have contributed to a concurrent increase in regulatory change risk (+4 points).

Manufacturing, agriculture, energy, wholesale/retail, and transport industries are particularly susceptible to sectoral impacts, as they continue to be exposed to global supply chains and capital transfers.





# Cybersecurity Holds Ground; Digital Disruption Accelerates

Although cybersecurity continues to be the most significant global concern, the current trend is toward digital disruption. It was identified as one of the top five hazards by nearly half of the respondents (48%), a nine-point increase from the previous year.

The accelerated adoption of artificial intelligence is closely associated with the surge. While emerging AI applications offer transformative opportunities, they also exacerbate risks associated with cybersecurity, data integrity, and ethical governance.



## Navigating a Dual Risk Horizon : The Critical Role of Internal Audit Teams

Organizations face a dual risk horizon as a result of the increasing uncertainty surrounding geopolitics and the impact of digital disruption. The internal audit teams assist the leadership in navigating this complexity by analyzing global vendor footprints, evaluating exposure to tariffs or regulatory changes across both supply chains and countries where the organization operates, and assessing cybersecurity and digital transformation controls.



IA teams facilitate proactive decision-making by offering forward-thinking insights, which assists organizations in balancing internal transformation with external disruptions and enhancing their overall resilience.



# Pierag Consulting

Pierag Consulting was founded in February 2021 by Abhishek Gupta, Thomas Raffa and Pierian Services as a unique business model to serve clients globally by blending domestic proficiency with global expertise. Since then, we have been serving prominent clients across the US, SEA, India and UK in the field of Assurance, Accounting & Transactions Advisory, Business Risk, Technology Risk Advisory and ESG Services.

With more than 300+ team members and offices across India (Gurugram, Jaipur, Chandigarh, Mumbai and Bengaluru), US and Singapore, we are fueled by our purpose of 'Inspiring people to do things that inspires them' and our values of 'Excellence, Equity & Empathy'.

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