

New Report Reveals Geopolitical Uncertainty and Digital Disruption Risks on The Rise, Marking Largest Increase in Risk Level This Year

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Both geopolitical uncertainty and digital disruption experienced the two highest jumps in risk level compared to last year.

LAKE MARY, Fla. (September 24, 2025) – Geopolitical uncertainty risk is rising rapidly, along with digital disruption, according to The Institute of Internal Auditors' Internal Audit Foundation's latest Risk in Focus research. The findings, based on feedback from more than 4,000 internal audit practitioners from 131 countries, found that risk ratings related to geopolitical uncertainty and technological advancements saw the sharpest increase since last year, up 10 and 9 percentage points, respectively. Cybersecurity remains the top-rated risk globally, with roughly 73% of respondents placing it among their Top 5 risks.

Risk in Focus research provides a comprehensive and nuanced view of the evolving risk landscape and how internal audit priorities align with the top threats facing organizations today. Given the prevalence of geopolitical and macroeconomic risks for organizations worldwide, the findings offer timely guidance for strategically managing these risks as they continue to evolve.

Geopolitical Uncertainty: The Dominant Theme for 2025

Thirty-eight percent of global respondents rated geopolitical and macroeconomic uncertainty risk as a top five risk area, indicating the largest jump (10 percentage points) across risk areas compared to last year. North America experienced the most dramatic shift, with 45% of respondents rating it a top five risk, up 19 percentage points compared to last year. The notable increase in risk levels reflects rapid changes in U.S. policy, particularly those related to tariffs and federal funding changes this year.

Political changes were likely factors for the concurrent increase in regulatory change risk levels (up 4 percentage points). While geopolitical uncertainty was not ranked as one of the five highest risks globally, it was among the five highest risks for several industries and sectors, notably manufacturing, agriculture, energy, wholesale/retail, and transport.

Although geopolitical uncertainty increased significantly in North America, it is still ranked low in terms of audit priority (third to last out of 16 risk areas). Although the ranking is low, there has been a substantial increase in audit priority compared to the prior year (up 8 percentage points). And

practitioners say they are addressing geopolitical uncertainty risks indirectly through related areas.

“While it’s not surprising that geopolitical risk saw a marked jump in this year’s research, the findings underscore just how quickly the risk landscape is evolving and the growing impact that regulatory disruption has on organizations worldwide,” said Anthony Pugliese, CIA, CPA, CGMA, CITP, President and CEO of The Institute of Internal Auditors. “Geopolitical risk has never existed in a silo; it sits at the intersection of several other key risk areas. Practitioners must proactively address geopolitical risk by prioritizing related risk areas such as business resilience, regulatory change, supply chain, market change and competition, and financial and liquidity risk.”

According to the report, audit functions are expanding advisory services while increasing their participation in broader strategic planning as a means of proactively managing geopolitical risks. Tactics include integrating with cross-functional teams to address risks related to supply chain disruptions or changes in federal funding for the public sector, nonprofit organizations, and other industries.

Cybersecurity Still a Top Risk; Digital Disruption Risk Continues to Rise

Cybersecurity remains the top-rated risk worldwide, with a slight increase over last year’s global averages. North America and Europe are the primary drivers of high cybersecurity risk ratings, likely reflecting higher rates of digitization compared to other regions.

Digital disruption, including artificial intelligence, experienced the second largest jump in risk level compared to last year, with 48% of respondents putting it in the top five, up 9 percentage points from 2024. The rise of AI and its impact on cybersecurity was a major driver for the increase in risk levels.

In response, organizations worldwide are forming AI governance teams to manage the deployment of the new technology and its associated risks. Internal audit practitioners are also increasingly leveraging AI to automate routine tasks, increase efficiency, and provide data for stakeholders. The report highlights the importance of strong IT governance to manage AI-related threats before they escalate.

Additional Findings

Global internal audit priorities are evolving and are mixed in terms of alignment with top risk areas.

Currently, the top five priorities for internal audit functions globally are cybersecurity (69%), governance and corporate reporting (55%), business reliance (53%), regulatory change (46%), and financial liquidity (44%).

Key areas where risk was substantially higher than audit priority include geopolitical uncertainty (38% risk rating; 11% audit priority rating), digital disruption (48% risk rating; 32% audit priority rating), and human capital (42% risk rating; 29% audit priority rating).

Business resilience and Human Capital risk levels decreased but continue to be in the top five globally.

North America reported higher risk ratings for business resilience (46%), while Europe and Latin America were below 40%. This gap is likely tied to geopolitical uncertainty, which was markedly high in North America.

About Risk in Focus

Survey results for Risk in Focus 2026 are based on responses from more than 4,000 internal audit leaders across Asia Pacific, Europe, Latin America, North America, Africa, and the Middle East. For further insights, 18 roundtables were conducted with 182 participants, along with 24 in-depth interviews with audit leaders. This collaborative project is supported by IIA Institutes, IIA regional groups, and corporate partners. The North American Risk in Focus report is sponsored by AuditBoard.

The Risk in Focus Global Summary and regional reports are available to the public at the Risk in Focus Resource Center.

About the Internal Audit Foundation

The Internal Audit Foundation is the preeminent global resource, in strategic partnership with The IIA, dedicated to elevating and empowering the internal audit profession by developing cutting-edge research and programs. The Foundation helps current and future internal auditors stay relevant by building and enhancing their skills and knowledge, ensuring organizations are equipped to create, protect, and sustain long-term value. For more information, visit theiia.org/Foundation.

About The Institute of Internal Auditors

The Institute of Internal Auditors (The IIA) is an international professional association that serves more than 265,000 global members and has awarded more than 200,000 Certified Internal Auditor (CIA) certifications worldwide. Established in 1941, The IIA is recognized throughout the world as the internal audit profession's leader in standards, certifications, education, research, and technical guidance. For more information, visit theiia.org.

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