

Emerging Risks and Trends

Navigating What's Next 2026





The Evolving Risk Landscape

In the past few years, the talk about risk has changed from what might happen to what is now happening. What used to be called "**emerging risks**" are now having a direct impact on business models, capital allocation, and strategic priorities.

This shift makes it critical for businesses to proactively identify emerging risks early and embed them into their strategic thinking so they can adapt, build resilience, and stay competitive in a rapidly changing environment.

The **IIA's Risk in Focus 2026** study, based on inputs from over 4,000 internal audit leaders globally, reinforces a clear reality: risks today are faster, more interconnected, and far more consequential if not addressed in time.

What is changing is not just the list of risks, but the way they are playing out in real time, affecting people in different functions, places, and levels of decision-making.



The Five Risks Reshaping Strategic Reality

At the centre of this shift are five risks that are increasingly shaping how businesses operate and respond.

1. Cybersecurity

Cybersecurity remains one of the most prominent global risks now, almost 75% of the organizations worldwide acknowledge that. However, the nature of cyber risks is evolving rapidly from recent ransomware attacks, data compromises, and system failures; it is clear that the cyber incidents extend way beyond the scope of work of just an IT department. They now result in delayed customer interactions, disrupted operations, and regulatory oversight.

As businesses depend heavily on cloud platforms, external vendors, and hyperconnected digital ecosystems, their exposure to such threats increases. The real challenge today is not whether controls exist or have been developed by the organization, but it is about if the business can continue to operate when these controls lapse.





2. Digital Disruption and AI: Speed vs Control

Digital disruption, particularly those led by AI, is now considered one of the top global risks, with AI-related disruptions being among the fastest-rising risks, showing an increase of 9 percentage points year-on-year. Organizations have now embedded AI in their day-to-day processes like making small decisions, responding to customers, and running their operations, but with the ease comes risks to data integrity, model bias, and accountability that a lot of them fail to acknowledge.

Recent advances in generative AI and automation have widened this gap. Businesses are developing so quickly that governance frameworks can't match up, which means at times the important decisions might get affected by systems that aren't under control. Organizations must strike a balance between innovation and responsibility.





3. Business Resilience: Operating Through Continuous Disruptions

Business resilience has changed with time; it is no longer limited to preparing for the randomly arising crisis but is about being able to handle the constant change. Shifts in supply chains, volatility in energy and oil & gas prices influenced by ongoing geopolitical conflicts, and resulting supply disruptions, along with increasing operational inter-dependencies, are persistently putting organizations to the test.

Lately global supply chain disruptions and economic pressures have shown how quickly it can impact operations. Organizations are now compelled to rethink their decisions pertaining to how to get their supplies, how they depend on vendors and how they can keep the operations uninterrupted. Resilience now is not about bouncing back after the disruption, it is about keeping up performance when things are still going wrong.





4. Geopolitical Uncertainty and Regulatory Change: Unpredictability Becomes the Norm

One of the most common reasons behind escalation in global risk levels is attributed to geopolitical uncertainty which has risen by 10 percentage points lately.

This increase showcases disputes in trade, regional hostilities, and policy alterations. Businesses are now operating in an environment of uncertainty in terms of tariff modification, data localization norms, evolving compliance frameworks. These factors influence operational costs, supply chain dynamics and access to marketplace.



Recent developments across leading economies have clearly stated that regulations and political scenarios can shift in no time, often without warnings. Organizations can not treat them as external risks now, they need to be regularly observed, evaluated and included while planning assumptions.



5. Human Capital: The Execution Risk No One Can Ignore

Human Capital continues to evolve as a critical bottleneck to strategy execution. Recently, 40% of the organizations worldwide have identified this as a key risk. What is making it difficult for organizations to align talent to its transformation goals can be skill shortage, workforce mobility, and changing expectations.

In the world of AI and digital adoption, the gap between ambition and capability is now widening, many organizations have the strategy but the talent depth or readiness to execute any strategy effectively and efficiently becomes an issue. This leads to delays, inefficiencies, missed deadlines, and operational strain.

Risk Horizon: Where Complexity Redefines Internal Audit



What makes these risks challenging is not their individual impact but how they are connected to each other. Cyber threats are increasing with digital expansion, geopolitical shifts lead to disruption of fragile supply chains, and talent constraints slow down the organization's efforts in meeting their transformation ambition. Organizations are now operating in an ecosystem where internal and external disruptions are happening at the same time, and they at times make each other's impact worse.

This intersection is now redefining the expectations from internal audit. The department can no longer look at these risks in isolation; they need to envision a connected view that reflects how these risks evolve and impacts strategic outcomes. In this rapidly evolving landscape, internal audit is shifting from being a process reviewer to a risk interpreter.

Redefining Internal Audit: A Forward-Looking Risk Perspective



From Assurance Provider to Strategic Risk Partner

Internal audit must change in order to stay important. The emphasis must transition from merely offering assurance to actively shaping organizational perceptions and management of risk.

Dynamic and Continuous Risk Assessment

This begins with a new way of looking at risk assessment. There is a need to constantly reassess risk in light of changing business conditions, such as the adoption of new technology, change in regulations, or shifts in the geopolitical landscape, rather than just relying on periodic evaluations. Risk assessment needs to be more flexible and take into account changes in the environment instead of what was found at the beginning of the year.

Integrating Risk Strategy with Business Strategy

How risk strategy is formulated is just as important. Organizations today are not only managing risks; they are also making strategic decisions in the face of uncertainty.



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Internal audit can be useful because it helps figure out how different risks affect each other, where weaknesses are, and whether the organization's risk appetite and operational realities are in line with its mitigation strategies.

From Control Testing to Risk Intelligence

Monitoring also has to change. Instead of just looking at how well controls work, we should also look for early signs of problems, whether they are in supply chains, changes in regulations, or digital environments. This means using more data to make decisions, getting information from both internal and external events.

Enabling Transformation Through Early Risk Involvement

Lastly, internal audit needs to take a more active role in changing the way a business works. When companies invest in AI, digital platforms, and new ways of doing business, internal audit should be involved from the start to help set up governance structures, find possible risks, and make sure that controls change along with the business rather than after it.



About us:

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 Accounting Advisory, Business Risk, Technology Risk, Assurance, ESG & Sustainability, Deals Advisory, Tax and Digital.

With highly skilled team members, 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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