
HOW SUCCESSFULLY NAVIGATE AND RESPOND TO TODAY'S FINANCIAL AND GEOPOLITICAL TRENDS

2024–25 is a critical period in modern global politics and economics. Geopolitical and financial trends are converging to reshape economies and societies, with significant implications for any company operating internationally. Each trend brings its own legal, financial, reputational and strategic risks. But for organizations that can quickly identify these shifts and respond effectively, there is a golden opportunity improve their resilience and to thrive.

This checklist aims to help organizations navigate today’s challenging financial and geopolitical environment. It outlines the main themes that companies should be aware of in 2024–25 and suggests ways to manage risks and exploit opportunities—with support from data and technology.



A new world order might be emerging from the current upheaval. Leaders can anticipate some shifts and position their companies for success.”

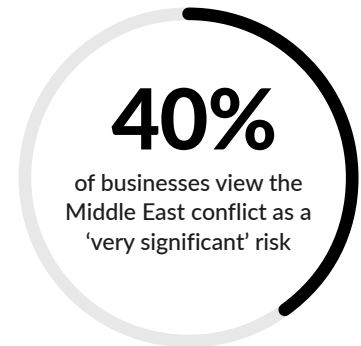
McKinsey report, 2024

THE TOP 10 GLOBAL TRENDS TO WATCH IN 2024-25

GEOPOLITICAL TRENDS



MILITARY CONFLICT: Ongoing conflicts in Ukraine, the Middle East, Myanmar and Sudan have knock-on effects on where and how companies can operate, and the risks they face in different markets. In fact, a recent [Oxford Economics](#) survey revealed that 40% of businesses view the Middle East conflict as a ‘very significant’ risk, highlighting the concerns these conflicts pose for companies.



SHIFTING GLOBAL ALLIANCES: The world is increasingly divided into global alliances of states with differing worldviews. This “fragmentation” between BRICS countries and Western governments is a growing concern for businesses, with 73% of investors in a 2024 Natixis survey expressing worry about its potential impact.



TURBULENT ELECTIONS: National elections were scheduled in 2024 for countries representing 54% of the world’s population and 60% of its GDP. A change of government often brings different policies and new regulations, which can disrupt companies’ compliance approach and create uncertainty in key markets. For example, it was predicted that the outcome of the 2024 US presidential election could lead a change in tariffs on goods from China and the strategy towards Russia and Ukraine.



AI REGULATIONS: The disruptive potential of AI technologies in business and society is well-demonstrated as global governments are responding by implementing new regulations to govern/monitor its use. Companies monitor all relevant regulations to stay compliant and verify their providers of technology and data.



ESG’S GLOBAL SPREAD: The rise of ESG-related legislation such as Germany’s Supply Chain Due Diligence Act requires companies to carry out due diligence on the human rights and environmental impacts of their third parties. There are also opportunities for companies with a positive record to gain government subsidies and win new investment and business.

FINANCIAL TRENDS



EVOLVING SANCTIONS: The pace of change in global sanctions regimes has been unprecedented in the past three years, and further changes at international and supranational levels are expected. Companies must stay on top of potential sanctions exposures or face legal action.



SUPPLY CHAIN MANAGEMENT: Military conflicts and geopolitical tensions are putting an increased strain on global supply chains. Moreover, there is a clear growth in companies' risk mitigation and management through deeper risk monitoring with more sophisticated tools. [BSR](#), an organization of sustainable business experts, identifies improved risk prediction and management as a procurement priority for companies in 2025.



MOUNTING INFLATION: Inflation has been high on the economic agenda of many countries worldwide, prompting steep increases from the central banks in the US, EU, Japan, UK and other countries years. This can raise the cost of doing business and damage consumer confidence.



COST OF MATERIALS:

The amount companies must pay for certain goods is in a state of flux.

For example, the [IMF's](#) tracker of the global price of industrial materials shows swings from under \$110 in April 2020 to nearly \$205 in March 2022; then from \$145 in October 2022 to \$172 in May 2024. This affects a company's overheads, and lead to uncertainty over how companies should price their products and services.



Global price of industrial materials



UNEVEN GROWTH: The [OECD's](#) assessment projected global GDP growth at 3.2% for 2025, with significant divergence expected between individual jurisdictions. This impacts a company's performance and strategy in different markets because their customers and third parties in low-growth environments might be less willing to pay for products and services, while targeting new (high-growth) markets could become more appealing.

A 5-STEP PROCESS FOR EFFECTIVE DUE DILIGENCE ON FINANCIAL AND GEOPOLITICAL TRENDS

1

Decide the most relevant trends

In reviewing the global trends above, identify which relate most to your organization. Decide whether your industry and supply chain place you at a high risk of exposure to sanctions, or if your potential plans for expansion into new markets should be accelerated or paused based on economic and geopolitical factors.

2

Gather intelligence

You should screen all your current and prospective third parties and suppliers against the relevant trends by using a broad range of high-quality and relevant data sources—including company and financial data, news sources, and sanctions and watch lists. Technological tools can help to monitor vast sources of data more efficiently than humans.

3

Identify risks

Use a technology platform which flags the most relevant results across these data sources that relate to your business, your risks, and your third parties. You should put in place a risk-based due diligence process which considers whether each third party carries a high risk of impacting your company's compliance and financial position and carry out further investigation when necessary.

4

Identify opportunities

Don't just focus on risks. The data you uncover could also point the way to new opportunities and offer a competitive advantage over rivals. Develop a proactive strategy to assess the geopolitical and financial environment with a positive frame of mind.

5

Act on your intelligence

If your due diligence process is powered by reputable data and excellent technology, you should feel confident to act quickly and decisively on its findings—whether that is to manage a risk or target a new opportunity.

10 WAYS TO MANAGE FINANCIAL AND GEOPOLITICAL RISKS AND GRAB OPPORTUNITIES

Checklist

1

Prioritize data



The best way to understand geopolitical and financial trends is to obtain the most relevant, high-quality data. This should be up-to-date, global, and broad, covering company data, legal records, ESG impact, sanctions, news, watch lists, and more.

2

Leverage technology



AI and other technologies are essential for searching across high volumes of data and providing a narrower set of results and insights for further investigation. Enrichments can enhance the relevance of the results and the efficiency of the process.

3

Positive mindset



Approach geopolitical and financial trends with a positive mindset in which you use insights from data to find new opportunities and strategies.

4

Tone from the top



A positive and proactive approach will work best if the CEO clearly communicates the firm's ambitions in this direction.

5

Decide on risk appetite



Being the first to move in a new direction and take advantage of an identified opportunity involves a level of tolerance for risk. That might mean targeting a new market soon after sanctions are lifted against it, or offering more competitive pricing in a jurisdiction where inflation is forecast to come down. Agree on your risk tolerance for different scenarios in advance.

6**Rapid response process**

When new information comes to light about geopolitical and financial issues, companies need to act quickly to assess its implications, manage risks, and exploit opportunities. This might involve setting up a rapid response committee whose members have clear roles and responsibilities and can allocate actions.

7**Build supply chain resilience**

Screen current or prospective suppliers for financial health, legal compliance, responsible governance and any other indicators for how their capacity to supply might be affected in various scenarios. Acting on this information can make your supply chain more resilient against external shocks.

8**Train and empower staff**

Every member of your staff who deals with the outside world has the potential to spot geopolitical and financial opportunities and risks in their area of operation. They should be trained on using data to generate insights and empowered to flag concerns or ideas upwards.

9**Clear communication**

Acting quickly to take advantage of opportunities can unsettle investors, customers and other stakeholders. But regular and transparent communications from the CEO can inspire confidence in your organization's approach.

10**Effective reporting**

Regular reporting allows your C-suite to move decisively to take advantage of opportunities that arise, or to mitigate risks by demonstrating compliance to regulators. A third-party data and technology provider can help staff by instantly pulling together reports that can be tailored for different audiences.



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