



RapidRatings Annual Risk Report 2026

Why some companies see supplier risk coming and others don't



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Executive Summary

A snapshot of supplier and procurement risk signals for 2026

66% (+4%)

Risk remains **elevated and rising**

66% rated the supply environment high/very high risk in 2025, up from 62% in 2024. This trend continues.

15%

Working capital initiatives present **glaring opportunity to reduce risk**

Integrating supplier financial health into payment terms initiatives has the capacity to simultaneously address **cashflow issues and supplier insolvency issues**, leading concerns for 2026. Only 15% of enterprises have fully integrated supplier financial health into payment-terms decisions — and 30% aren't using it at all.

#2 → #1

2025 prediction **vs reality**

Tariffs moved from #2 concern expected for 2025 to #1 actual impact in 2025; and economic instability (#3 concern expected for 2025) manifested as **inflation/cost volatility** (#2 actual impact in 2025).

#3 vs #7

Early-warning signal is **being underweighted**

Suppliers rank **labor shortages** #3, while procurement ranks it #7. While not on the procurement radar yet, this may manifest in **quality and delivery issues** as pressure on suppliers increases.

Top 5

2026 outlook is **unusually aligned**

Suppliers and procurement rank the **same top 5 emerging financial risks**, led by **cash flow pressure** and **new trade restrictions**, and **supplier insolvency**.





SECTION 01

Risk Themes and Trends

Risk Themes and Trends

Suppliers and procurement align on 2026's top risks — but finance still isn't closing the liquidity loop

In late December 2025, we surveyed suppliers, procurement and risk management professionals about the year behind them and the risks ahead. The results show striking alignment on what will threaten business continuity in 2026 — and a more consequential split between risk awareness and operating decisions.

The headline for CFOs and procurement leaders: 2026's biggest risks are not hiding in the shadows. Cash flow pressure, trade restrictions, and rising insolvencies are broadly understood — yet organizations still underuse the most direct lever they control: **payment terms and working capital decisions informed by supplier financial health.**

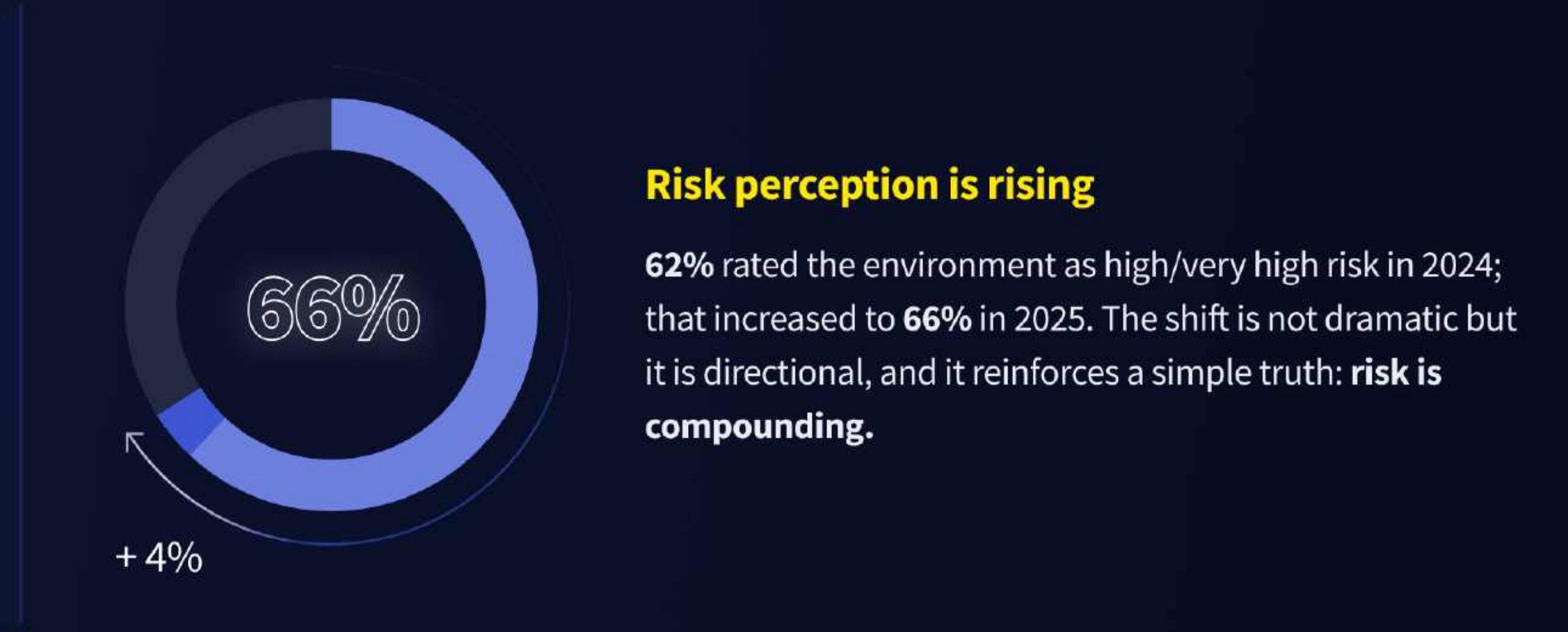
Industry spotlight:
Healthcare & Pharma

100% rate the environment as high or very high risk. This consensus may reflect ongoing regulatory pressures and lessons learned during the pandemic.

2026 risk outlook: Trajectory informed by 2024-2025 results

RISK LEVEL	2024	2025
High / Very High	62%	66%
Moderate	35%	30%
Low / Very Low	3%	4%

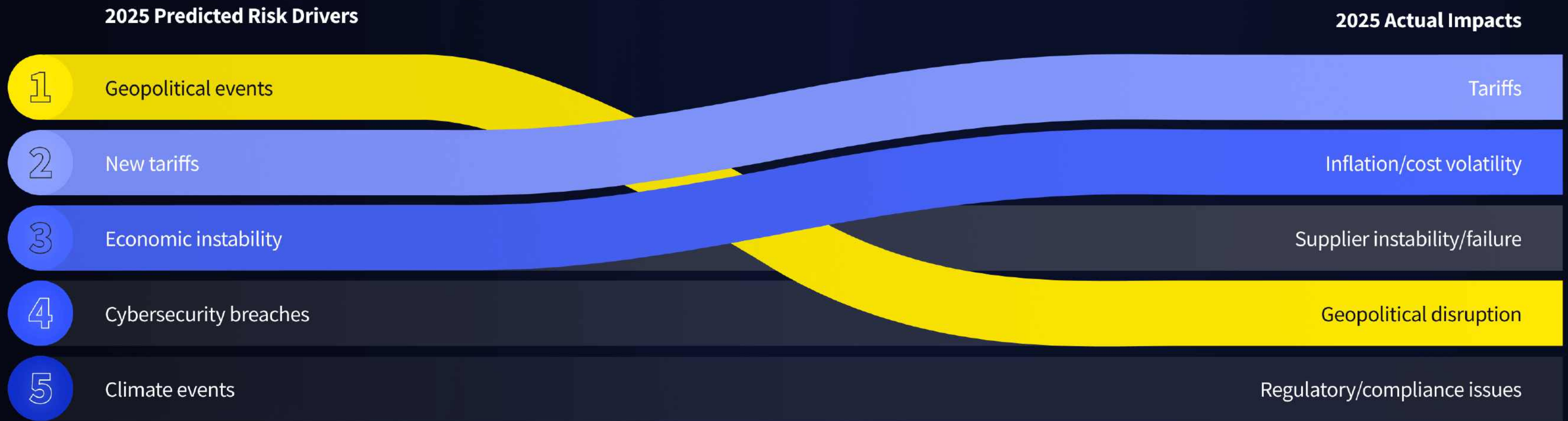
Risk perception levels (2024–2025)



PREDICTED VS. ACTUAL: WHAT 2025 TAUGHT US

The market accurately predicted which risks would rise, but not which risks would be most impactful.

Tariffs rose from #2 expectation to the #1 realized impact, overtaking geopolitical events. Economic instability moved from #3 to #2 as inflation/cost volatility, **evidence of the macro concern expressed in day-to-day operational reality.**



Industry spotlight: Financial Services

The risk picture was dominated by cyber and compliance, but what stands out is how high and broadly felt supplier instability was relative to other macro risks like tariffs, inflation, and geopolitics.

Top 3 Risks

1. Cyber security/data breaches — **87.50%**
2. Supplier instability or failure — **75.00%**
3. Regulatory/compliance issues — **68.75%**

TOP 2025 PREDICTED RISK BY INDUSTRY

Industries clustered by most common top risk



INFLATION / COST VOLITILITY

-  Aerospace & Defense
-  Financial Services
-  Healthcare & Pharma
-  Power & Utilities
-  Retail & Services



TARIFFS

-  Automotive
-  Building Materials
-  Consumer Goods
-  Industrial Machinery



GEOPOLITICAL DISRUPTION

-  Technology

Industry spotlight: Technology

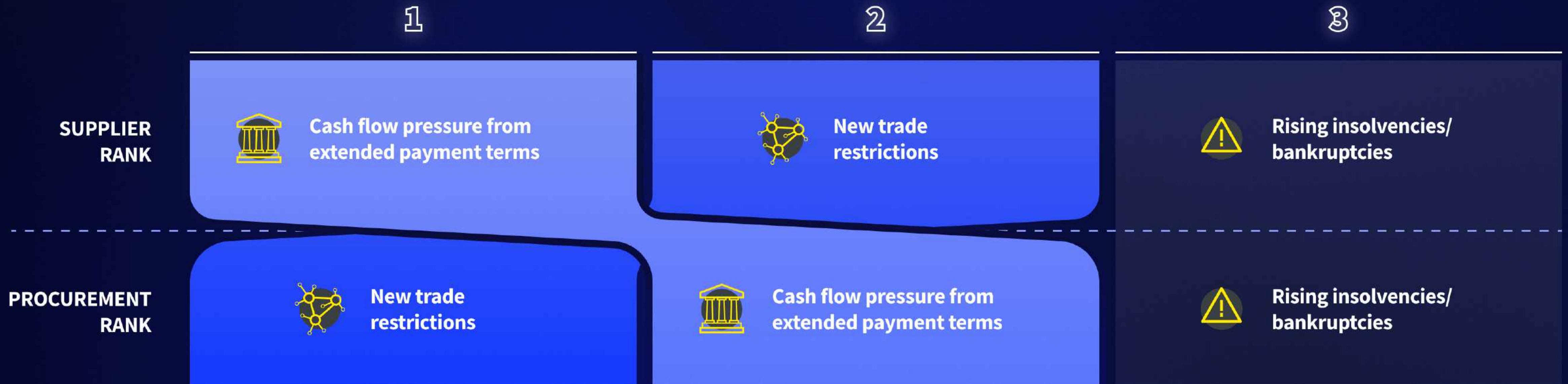
The only industry where geopolitical disruption ranks as the #1 risk factor, likely reflecting global semiconductor and component dependencies.

Industry spotlight: Industrial Machinery & Automotive

Tariff stress hit these industries the hardest, reflecting their greater exposure to trade policy changes and the need to prioritize supply-chain diversification.

TOP THREE EMERGING RISK IN 2026 AS RANKED BY SUPPLIERS AND BUYERS

Suppliers and procurement teams converged on the same three emerging financial risks: cash flow pressure from extended payment terms, new trade restrictions, and rising insolvencies/bankruptcies.



Differing vantage points

While buyers and suppliers share the same three emerging risks in 2026, they rank them differently. Buyers see trade restrictions as the primary risk of disruption as they tend to focus on external macro and geopolitical factors; suppliers feel the immediate operational strain of liquidity and working capital pressures first, making cash flow their most urgent concern.

Buyers perspective on risks impacting suppliers in 2026

Buyers expect cash flow pressure from extended payment terms to be the leading supplier risk in 2026 (68.94% rank it in their top three). Next are rising insolvencies/bankruptcies (64.08%) and new trade restrictions (63.10%). Together, these point to tightening liquidity and sharper disruption risk across supplier networks.

Suppliers perspective risks impacting suppliers in 2026

Suppliers expect cash flow pressure from extended payment terms to be the leading risk in 2026 (77.09% rank it in their top three). Next are new trade restrictions (67.93%) and increased debt exposure from rising interest rates (53.44%). Together, they signal tightening liquidity and higher disruption risk across private supplier networks.

TOP 2026 PREDICTED RISK BY INDUSTRY

Industries clustered by most common top risk



CASH FLOW PRESSURE

 Aerospace & Defense

 Automotive

 Financial Services

 Power & Utilities

 Retail & Services



TRADE RESTRICTIONS

 Building Materials

 Consumer Goods

 Industrial Machinery

 Technology

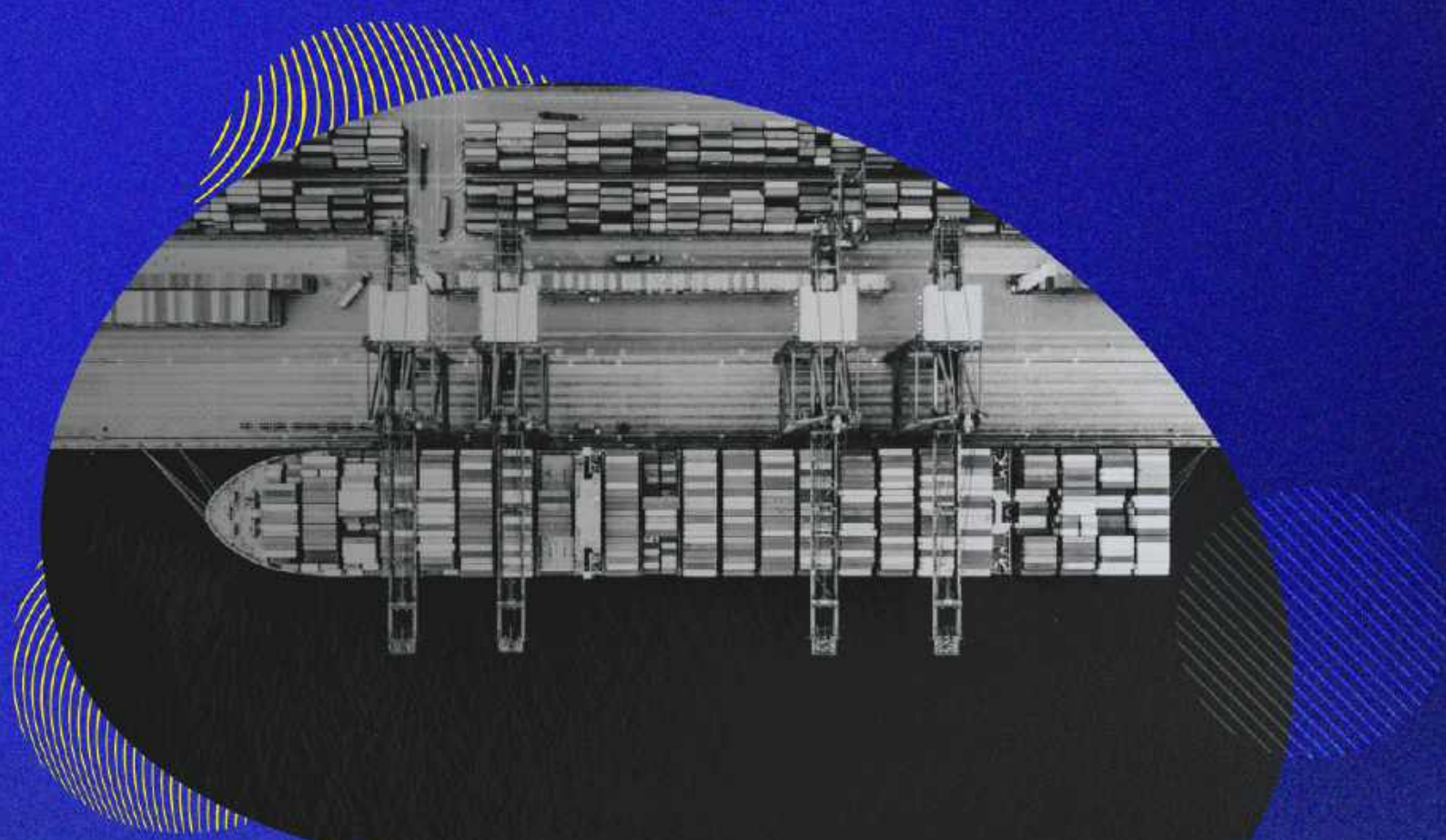


RISING INSOLVENCIES

 Healthcare & Pharma

Industry spotlight: Healthcare & Pharma

Rising insolvencies rank as the top disruption risk. In a highly regulated industry with a concentrated supplier base, a single supplier failure triggers a slow and complex switching process, creating real patient and revenue risk.



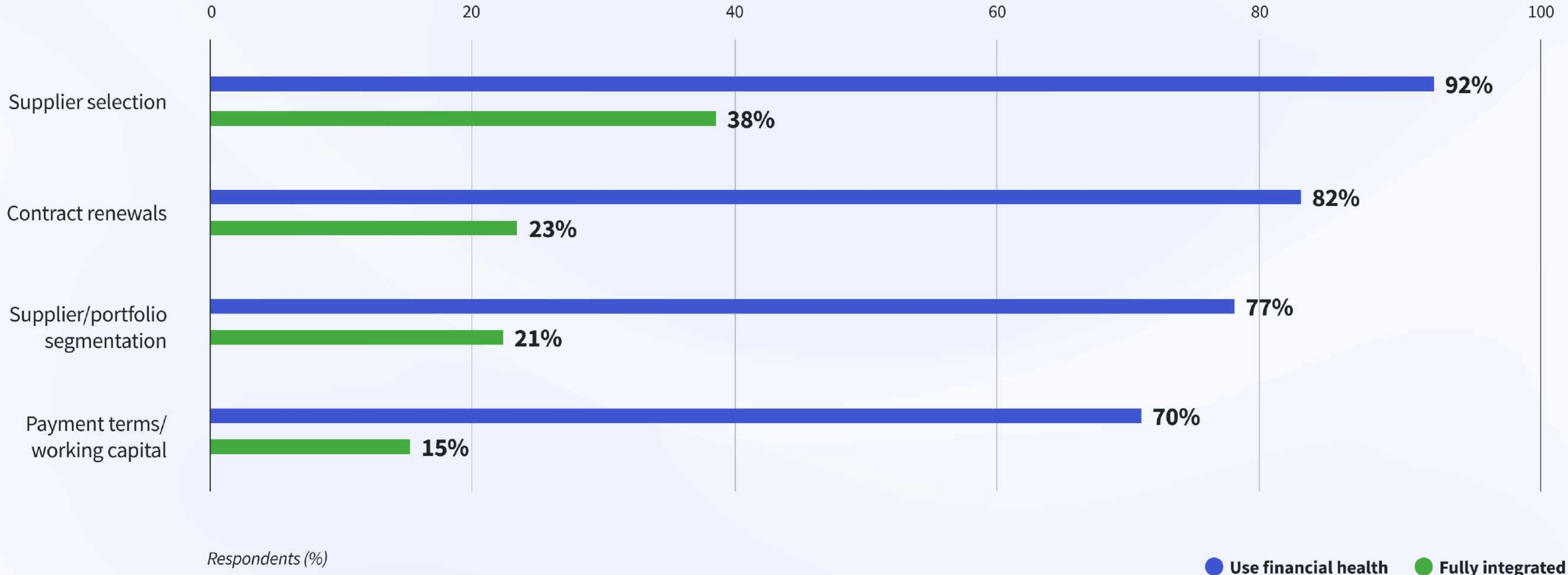
HOW PROCUREMENT TEAMS USE FINANCIAL HEALTH DATA — AND WHERE IT BREAKS

Supplier financial health is widely used for supplier selection (92%) and contract renewals (82%). But when it comes to **payment terms/working capital** — the lever that most directly affects **supplier liquidity** — only 70% use financial health data and just 15% report full integration.

Industry Spotlight: Power & Utilities

With 71.4% fully integrating financial health into supplier selection — nearly double the 38% aggregate — only 28% lack confidence in identifying weak suppliers, underscoring the direct link between upstream financial screening and risk clarity.

WHERE FINANCIAL HEALTH IS USED VS. FULLY INTEGRATED



THE ELEPHANT IN THE ROOM: PAYMENT TERMS INTEGRATION

Payment terms are the weakest link in financial health integration, even as cash flow and supplier insolvency rank as leading concerns for both suppliers and procurement teams in 2026.

The opportunity → Using supplier financial health in setting payment terms can strengthen buyer cashflow, while improving liquidity for suppliers at risk of insolvency.

PAYMENT TERMS: FINANCIAL HEALTH INTEGRATION BY INDUSTRY



A SIGNAL WORTH WATCHING: LABOR SHORTAGES

Suppliers ranked labor shortages #3 for negative business impact in 2025, while procurement ranked it #7— a potential leading indicator that may surface in delivery and quality metrics later.

WHAT PROCUREMENT TEAMS AND CFOS SHOULD DO NOW



GET VISIBILITY BEFORE YOU OPTIMIZE

The **30%** not using this data are missing the opportunity.



SEGMENT BY FINANCIAL HEALTH, NOT JUST SPEND

Overlay **financial health** to identify where term adjustments have the greatest impact in both directions.



CREATE A GOVERNED PROCESS FOR TERM ADJUSTMENTS

Establish **clear criteria** for extensions (healthy) and accelerations (fragile).



TRACK BOTH SIDES OF THE EQUATION

Measure enterprise **cash flow** improvements AND **supplier stability** improvements.

RESILIENCE WON'T COME FROM MORE VISIBILITY

In 2026, resilience will come from connecting financial insights to operating decisions — **especially the decisions that determine supplier liquidity.**

Industry Spotlight: Consumer Goods

This industry shows the highest concern for labor shortages (score: **4.33**) — more than double Industrial Machinery's **2.00**. This validates the supplier vs. procurement perception gap and suggests workforce issues may soon manifest as delivery challenges in this sector.



SECTION 02

Industry Deep Dive

Industry Deep Dive

Financial health integration across all decision areas



HEALTHCARE & PHARMA

This is the only industry to unanimously rate the current environment as high or very high risk.

- **Integration metric:** Lowest payment terms and supplier health integration; **56%** report no integration at all.
- **Top 2026 concern:** Rising insolvencies.



TECHNOLOGY

In 2025, this sector saw the highest rate of major supply disruptions (**37.5%**), about **2.5x** the overall average.

- **Integration metric:** **50%** do not use financial health data for contract renewals or payment terms decisions.
- **Top 2026 concern:** Trade restrictions.



INDUSTRIAL MACHINERY

This sector reports the highest tariff stress of any industry.

- **Integration metric:** **100%** adoption of financial health data for supplier selection, with two-thirds at full integration.
- **Top 2026 concern:** Trade restrictions.



AUTOMOTIVE

This sector faces the second-highest tariff stress.

- **Integration metric:** **78%** adoption of financial health for supplier selection, compared to the **92%** aggregate average.
- **Top 2026 concern:** Cash flow pressure.



FINANCIAL SERVICES

This industry has strong adoption of financial health integration.

- **Integration metric:** **50%** have fully integrated (vs **38%** cross-industry), and **94%** have at least partially embedded it into supplier selection decisions.
- **Top 2026 concern:** Cash flow pressure.



POWER & UTILITIES

This sector leads in financial health integration.

- **Integration metric:** **71.4%** fully integration for supplier selection decisions — nearly double the aggregate of **38%**.
- **Top 2026 concern:** Cash flow pressure.



CONSUMER GOODS

This sector shows the highest concern for labor shortages.

- **Integration metric:** 100% adoption of financial health for supplier selection and contract renewals.
- **Top 2026 concern:** Trade restrictions.



RETAIL & SERVICES

This sector was equally impacted by geopolitical disruptions, tariffs and inflation/cost volatility in 2025.

- **Integration metric:** 100% adoption of financial health data for supplier selection, contract renewals and payment terms decisions.
- **Top 2026 concern:** Cash flow pressure.

Glossary: Adoption vs. integration

Adoption refers to the fact that organizations have access to supplier financial data. Integration refers to whether organizations use supplier financial data to inform operational decisions.



AEROSPACE & DEFENSE

86% were hit with supply chain disruption including delayed and missed deliveries.

- **Integration metric:** 100% adoption of financial data for contract renewals; 93% integration for supplier selection and 86% integration for payment terms.
- **Top 2026 concern:** Cash flow pressure.



BUILDING MATERIALS

100% experienced tariff-related spending or investment constraint.

- **Integration metric:** 100% partial integration of financial health for supplier selection; 40% do not use financial health data for payment terms decisions at all.
- **Top 2026 concern:** Trade restrictions.



SUPPLIER SELECTION

The following table provides detailed breakdowns of how each industry integrates supplier financial health data across supplier selection.

THE HIGHLIGHTS



92%
of respondents integrate financial health data into supplier selection.

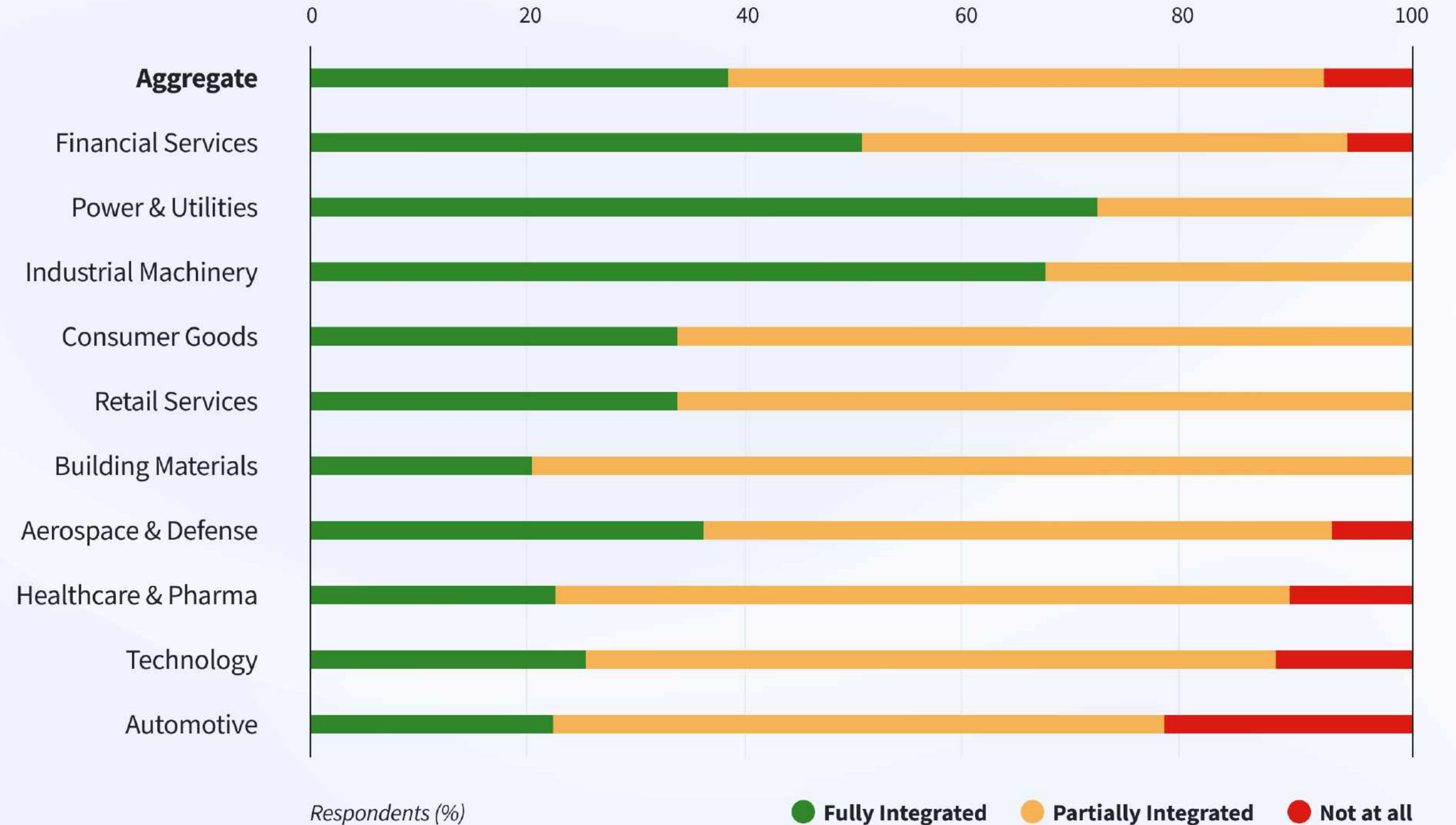


100%
Power and Utilities, Industrial Machinery, Consumer Goods, Retail Services, and Building Materials universally adopt financial health as a metric in supplier selection.



78%
Automotive lags at 78% adoption — the lowest of any industry.

FINANCIAL HEALTH INTEGRATION BY INDUSTRY



CONTRACT RENEWALS

The following table provides detailed breakdowns of how each industry integrates supplier financial health data across supplier selection.

THE HIGHLIGHTS



82%

of respondents factor financial health into contract renewal decisions.



100%

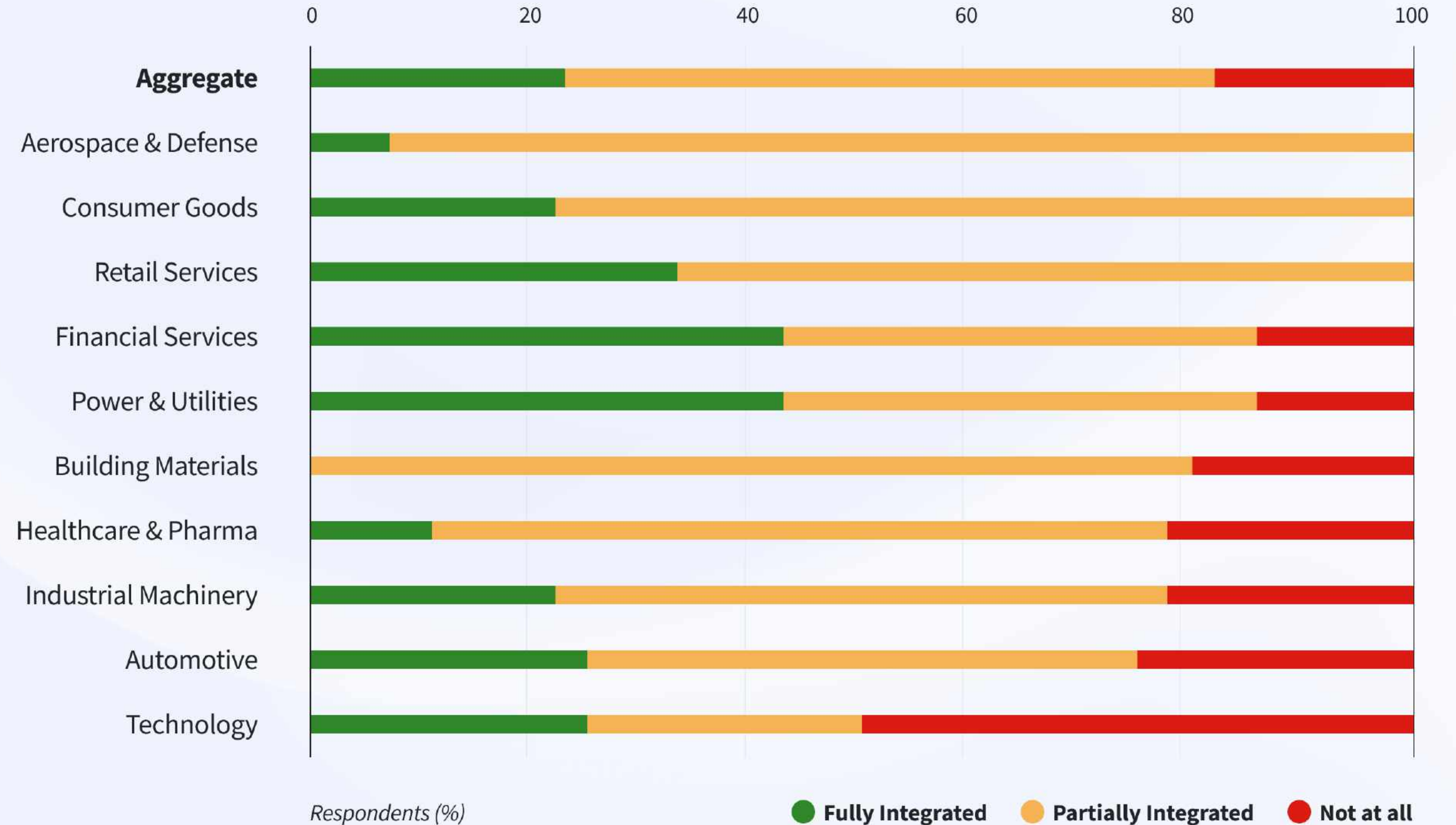
Aerospace & Defense, Consumer Goods, and Retail Services all report universal adoption of financial health in contract renewals.



50%

Technology is a significant outlier—half do not use financial health data for renewals.

FINANCIAL HEALTH INTEGRATION BY INDUSTRY



PAYMENT TERMS/WORKING CAPITAL

The following table provides detailed breakdowns of how each industry integrates supplier financial health data across supplier selection.

THE HIGHLIGHTS



70%
use financial health data for payment terms—the weakest integration point overall.

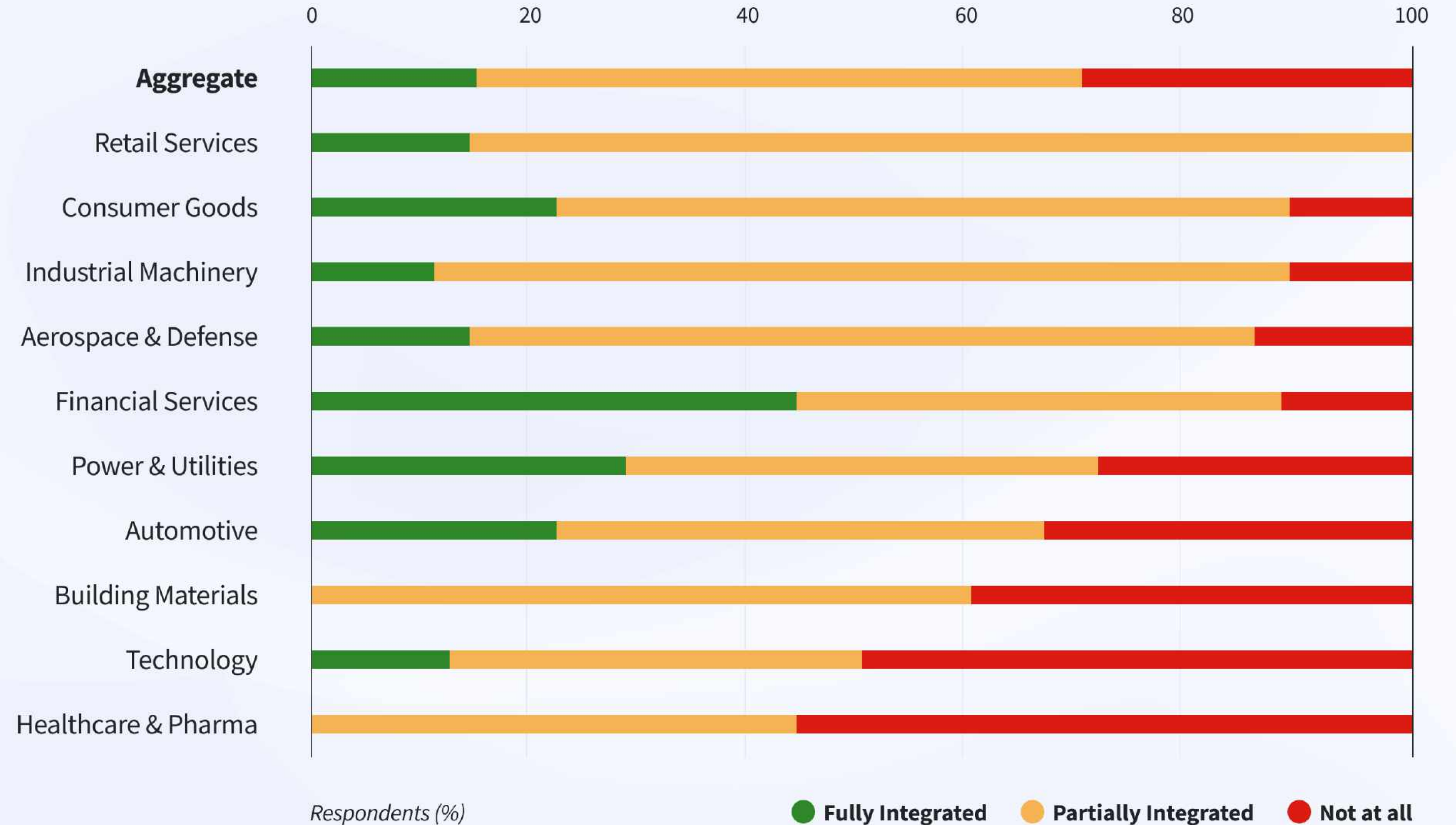


100%
Retail Services leads with 100% adoption.



~53%
Healthcare & Pharma (56%), Financial Services (50%) and Technology (50%) are not currently using supplier financial health to manage payment terms or working capital.

FINANCIAL HEALTH INTEGRATION BY INDUSTRY





SECTION 03

RapidRatings Value

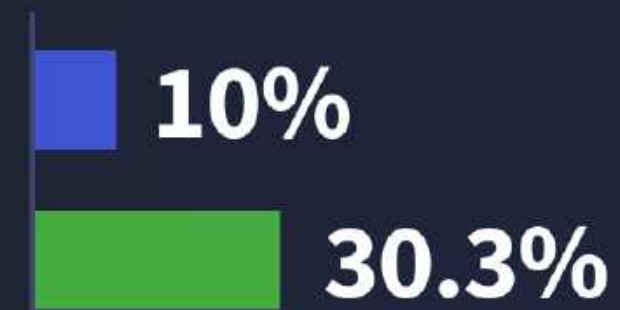
RapidRatings Value

The measurable risk advantage: more signal, less impact

In today's environment, disruption is structural. Organizations that detect financial stress early and act on it operationally gain a clear advantage. The data shows RapidRatings clients are more confident identifying weak suppliers, more proactive in monitoring, and more likely to avoid repeated or severe disruption.

● Clients ● Non-clients

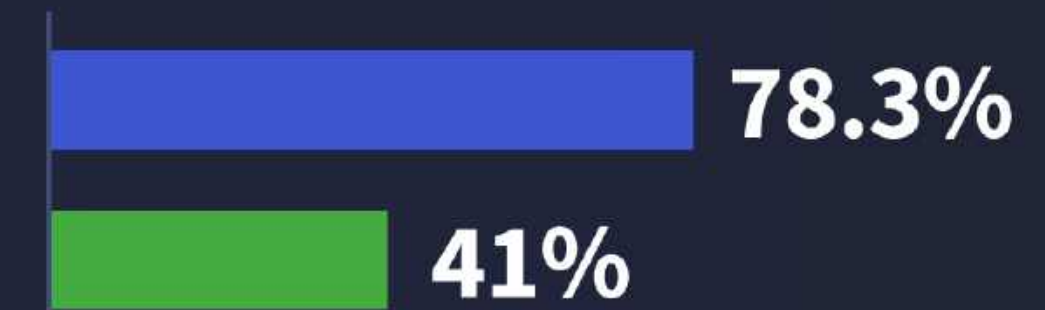
Perceive risk as
"very high"



Lack confidence identifying
weak suppliers



Proactively use
financial data



Experience no/isolated
disruption



Are moderately-well
to fully prepared



Consider supplier
transparency



AWARENESS: FROM “RISK EVERYWHERE” TO “RISK LOCATED”

Organizations without embedded financial monitoring report greater exposure to supplier risk. Without objective signals, risk is harder to see, prioritize, and act on.

RapidRatings clients report a different reality: they see earlier signals, clearer priorities, and fewer surprises — because financial health replaces guesswork with an evidence-based approach.

OUTCOMES: LOWER DISRUPTION IMPACT AND HIGHER READINESS

The impact data shows a clear divide: 54% of RapidRatings clients experienced no or isolated disruption, while 64% of non-clients were hit by several or significant disruptions.

Preparedness follows the same pattern: ~79% of RapidRatings clients are far more likely to report being moderately-well to fully prepared, compared to 33% of non-clients — proof of active monitoring and contingency planning.

THE AMPLIFICATION FACTOR: WHY SUPPLIER STRESS BECOMES BUYER DISRUPTION

Supplier distress doesn't stay upstream — it multiplies downstream. The same risks play out very differently once they cross into buyer operations: supply chain disruption nearly doubles (34.9% at suppliers vs 66.0% at buyers), and quality issues spike by over 100% (22.5% vs 45.6%). What begins as operational strain for suppliers becomes cascading failure for buyers.



RISK AMPLIFICATION MODEL

How supplier stress amplifies into buyer impact

- Supply chain disruptions
- Quality issues
- Legal and compliance risks-clients

Suppliers

Buyers

34.9%

66%

22.9%

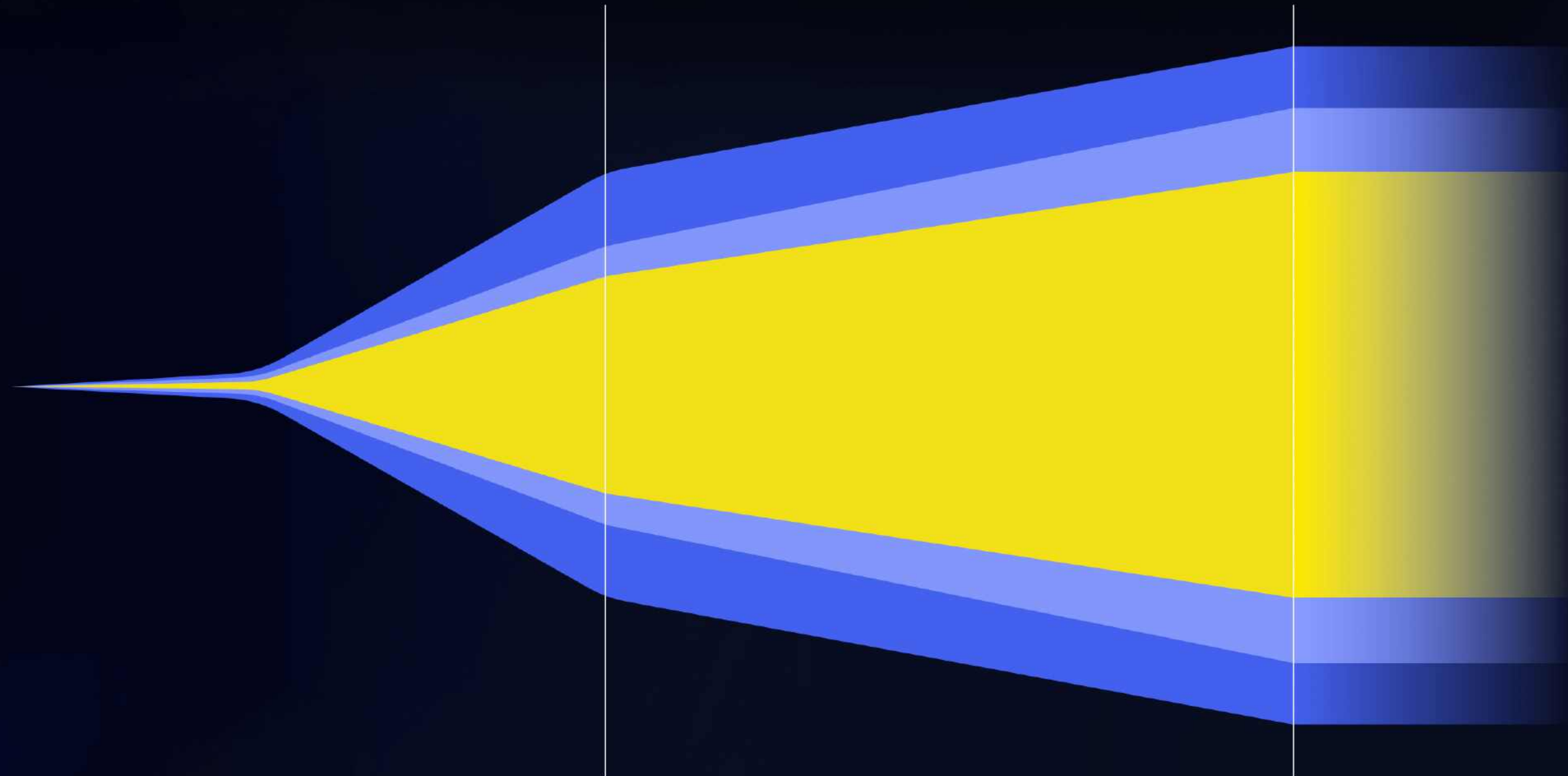
45.6%

17.8%

34.9%

Compounding into impact

What begin as supplier weakness doesn't stay contained, it compounds and amplifies, doubling as it impact enterprise supply chains.



SUPPLIER RISK ESCALATION MODEL

The path to disruption and revenue impact



This is the practical reason financial health monitoring matters: by the time disruption is visible in service levels, financial deterioration is often already advanced. Operational failure is rarely the first warning — **it's usually the last.**

WHAT THE BEST-PREPARED DO DIFFERENTLY

They don't try to eliminate risk. They manage it differently: continuous monitoring, financial thresholds over gut feel, and earlier supplier engagement while options still exist.

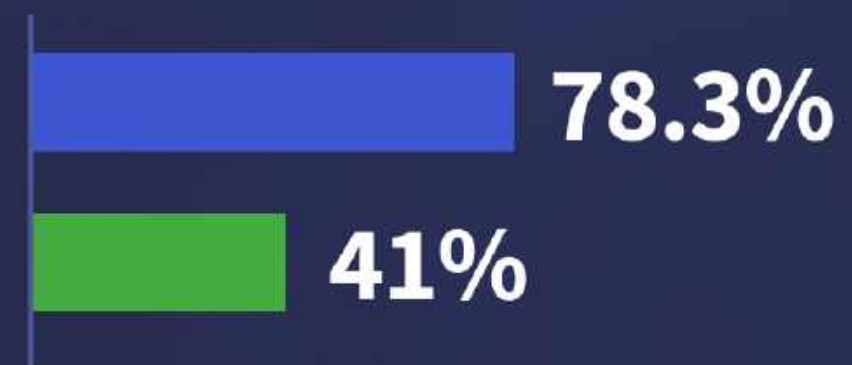
● RapidRatings Clients ● Others



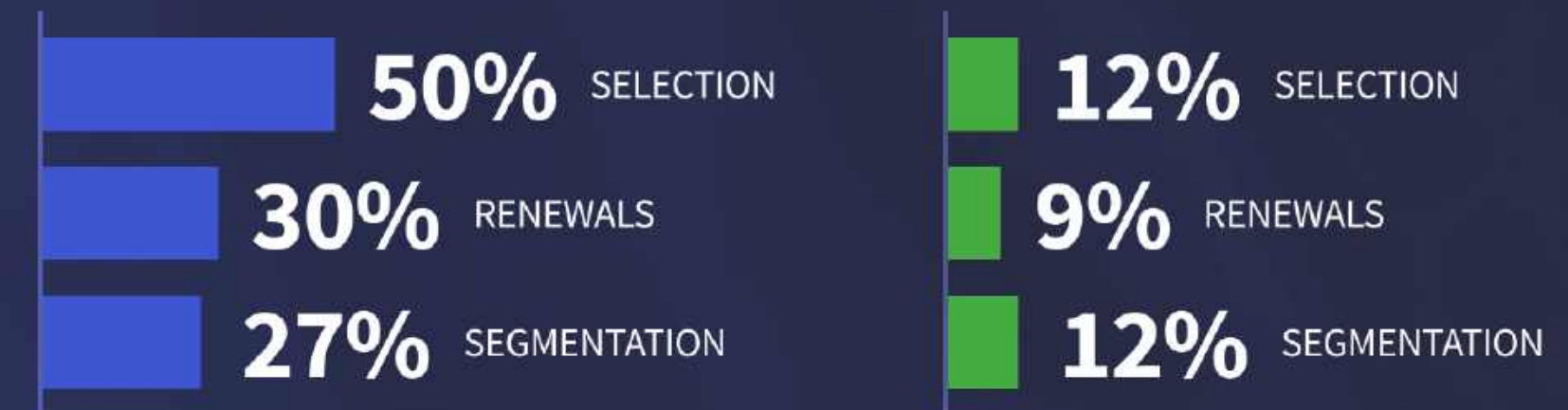
Client preparedness advantage



Supplier financial data



Core supplier decisions





SECTION 04

Key Takeaways



Risk isn't easing, it's compounding

66% rate the supply environment high/very high risk.

Disruption isn't episodic, financial stress is building upstream before it shows operationally.



Embedded monitoring halves disruption

64% of non-clients suffered several/severe disruptions. That's 1.5x more often than those with embedded financial monitoring.

Impact drops when financial signals are tracked continuously, not periodically.



Payment terms is the biggest missed lever

Only 15% have fully integrated financial health into payment-term decisions; 30% use none at all.

Working capital strategy remains disconnected from supplier liquidity — despite cash flow pressure ranking as a top 2026 risk.



Early warning is the dividing line

47% of non-clients lack confidence identifying weak suppliers vs 4.3% where financial monitoring is embedded.

Objectivity replaces guesswork and moves risk from “everywhere” to “located.”



Preparedness is achievable

~79% of organizations with embedded financial monitoring report being moderately-well to fully prepared — vs 33% without.

Resilience is operationalized through thresholds, segmentation, and governed action.



Conclusion

Risk is not slowing down

Volatility is not a phase. Supplier fragility, regulatory scrutiny, and capital constraints are set to intensify.

Organizations relying on perception will continue to be surprised. Those grounded in financial reality will not.

The advantage belongs to those who see risk forming and act, not those reacting once it breaks.

See risk before it hits

RapidRatings turns financial health into an early-warning system, helping organizations focus on the suppliers that matter most, before issues escalate.

If your plan depends on hope, it isn't a plan.

CONTACT US



Appendix: Survey Demographics & Methodology

Buyer cohort

- **Top sectors:** Automotive (**17.48%**), Financial Services (**15.53%**), Aerospace & Defense (**13.59%**), others spread across Consumer Goods, Healthcare & Pharma, Industrial Machinery, Technology.
- **Supplier geography:** Global/Highly Diversified (**42.72%**), North America (**34.95%**), EMEA (**11.65%**), APAC (**8.74%**), LATAM (**1.94%**).
- **Roles:** Procurement (**38.83%**), Supply Chain Risk Management (**31.07%**), Third-Party Risk (**18.45%**), Finance (**4.85%**), Other (**6.80%**).
- **Spend focus:** Direct (**48.54%**), Both (**36.89%**), Indirect (**14.56%**).

Methodology

This analysis draws on RapidRatings' Annual Risk Surveys from 2025 and 2026. The 2026 survey was conducted in December 2025 and January 2026. Procurement and risk management professionals from supply chain and financial services organizations were surveyed along with the suppliers and vendors serving those organizations.

Supplier cohort

- **Top sectors:** Automotive (**30.23%**), Industrial Machinery (**17.05%**), Other (**17.05%**), plus Consumer Goods, Power & Utilities, Aerospace & Defense, Building Materials, Financial Services, Retail/Services, Technology, Food & Beverage, Healthcare & Pharma.
- **Customer geography:** North America (**32.56%**), Global/Highly Diversified (**23.26%**), APAC (**22.48%**), EMEA (**17.05%**), LATAM (**4.65%**).
- **Customer base size:** Majority serve **>50** clients, with notable shares in **50–100** and **100–200** ranges.