

E-Commerce and Trust Services- Application in Albania

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Abstract *The aim of this paper is to define the impact that should have application of e-commerce from Albanian businesses in labor market of Albanian accounting experts. The primary objectives of this study are to show the new areas that will be created for accounting experts from application of this new service in our market and also what are the necessary qualifications for professional's experts for offering trust services with high quality. For success these objectives initially in this paper I will analyze what are trust services and the procedures that are follow in foreign countries that apply from many years with success trust services; also I will give one panorama of necessary knowledge for one expert for realize with quality these services and to offer assurance for all groups interested in utilization of e-commerce. All this material will help me to define results of this study if Albanian accounting experts in one near future will be ready or not for offer with success trust services. For these results I will take in consideration also training programs that professional organizations in accounting field in Albania offer for accounting experts to definite also what are additional knowledge for trust services and how available will be this knowledge for our experts.*

Keywords: *E-commerce, accounting experts, Albanian businesses, professionals organizations, trust services*

Introduction

From some years yet, western developed countries apply with successes electronic commerce having many profits from application of technology. Differently from traditional commerce when is necessary physical presence of parties for realize commerce, in electronic commerce parties have only virtual communications with each other. For this reason for successes realization of virtual commerce parties need to have guaranty that will have secure transactions and will not be damaged from participations in these transactions. Some years experience, created from western countries in this field, have contributed for define one frame of measures for guarantee of security in realization of e-commerce, element that is considerate like one of main barriers for application of this commerce form in all world countries (Kolsaker, 2004). One of measures undertaken is legal obligation for businesses that apply e-commerce for certificate their sites from one accounting expert. These certification services in literature are known like trust services.

Trust services

Being part of daily business practice in latest years, e-commerce and trust services are treated in many studies. In these studies, researchers have done definitions not only for e-commerce like most old concept but also for trust services. Some of these definitions are shown below.

Mayer et al (2005) have defined trust services like: *the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party.*

René van Buuren, Patrick Strating and Edward Faber (2004) have defined trust services like *services aimed at reducing uncertainty through providing relevant information and thereby decreasing the required level of trust for making a business decision.*

Ravald and Grönroos (1996) and Roy et al. (2001) have defined trust services like *a dynamic process that may deepen or retreat over time and with experience.*

From international accounting organizations trust services are defined as:

A set of professional assurance and advisory services based on a common framework (i.e., a core set of principles and criteria) to address the risks and opportunities of IT (AICPA-American Institute of Certified Public Accountants and CICA-Canadian Institute of Chartered Accountants).

For use of IT opportunities from businesses and for reduce the risk of technology, international accounting organizations have created one set of principles and criteria that will be necessary for certificate websites and IT systems. Principles and criteria for trust services are based in four main directions:

- ✓ Policies of businesses
- ✓ Policies communication from businesses to authorized persons
- ✓ Procedures followed from businesses for success objectives based in policies designed
- ✓ System's monitoring and take of measures for their consistency with businesses policies

Trust services help consumers of e-commerce understand and calculate the risk that have undertaken in virtual commerce. Trust services involved two specific services: WebTrust and SysTrust.

WebTrust services

E-commerce is accompanied from three risks: risk of worst business practices, risk of integrity of transactions and risk of information protection (N. Bagranoff, S. Bryant, J. Hunton, 2002). Consumer protection from these three risks is realized from WebTrust services.

The WebTrust service is actually comprised of a "family" of assurance services designed for e-commerce-based systems and, upon attainment of an unqualified assurance report, would entitle the entity to display a WebTrust Seal and accompanying practitioner's report on its Web site (AICPA). The WebTrust family of branded assurance services includes the following, applied in the context of an e-commerce system:

- WebTrust Online Privacy. The scope of the assurance engagement includes the relevant online Privacy principle and criteria.
- WebTrust Consumer Protection. The scope of the assurance engagement includes both the Processing Integrity and relevant online Privacy Principles and Criteria.
- WebTrust. The scope of the assurance engagement includes one or more combinations of the Principles and Criteria not anticipated above.
- WebTrust for Certification Authorities. The scope of the assurance engagement includes the Principles and related Criteria unique to certification authorities.

SysTrust services

Massive applications of information technology create doubt if this technology works properly. System components include his infrastructure, software, personnel, procedures and data (N. Bagranoff, S. Bryant, J. Hunton, 2002). Guarantee that these components of information technology works well are done by SysTrust services.

The SysTrust service is also comprised of a "family" of assurance services designed for a wide variety of IT-based systems as may be defined by the entity and, upon attainment of an unqualified assurance report, would entitle the entity to display a SysTrust Seal and accompanying auditor's report (AICPA). SysTrust services include below fields:

- ✓ SysTrust Security
- ✓ SysTrust Processing Integrity
- ✓ SysTrust Availability
- ✓ SysTrust Confidentiality
- ✓ SysTrust System Reliability: combines the SysTrust Security, Processing Integrity and Availability engagements
- ✓ Generic SysTrust Seal: spans one or more combinations of any SysTrust engagements listed above

Criteria and principles of trust services

From AICPA/CICA are defined five main criteria that CPA ought to have in consideration during their engagement for WebTrust and SysTrust services. These criteria are:

- ✓ Security- conclusion that system is protected from unauthorized access (both physical and logical).
- ✓ Availability- gives a guarantee that system is working according to agreement.
- ✓ Processing integrity- gives a guarantee that processing system is full, in time and authorized
- ✓ Confidentiality- gives a guarantee if confidential information is protected according to agreement

- ✓ Privacy- gives the guarantee that personal information is given and used in accordance with privacies agreements and in accordance with criteria established from professional institutions.

These criteria and principles are the base for CPA mission in concluding if internet website or information systems must to be certified with trust seal or not. If expert conclusion is one unqualified report, trust seal appear in internet website of business. Clicking on trust seal clients can read expert's report and be informed about security level of website. Trust seal have validity not more than one year. After this date business has 30 days for renovate the report and if the renovation is not done in this time, trust seal will be removed from internet website.

Who can offer trust services

In accordance with regulations established from international professional organizations, trust services can be offered from one CPA that fulfills below criteria:

- ✓ Must to be licensed for trust services
- ✓ Must to be competent in this field completing his knowledge also with additional training before acceptance of mission from the client

For being licensed for trust services CPA need to give one exam. This exam is computerized and has five sections. Sections three and five have more point than others¹.

Situation in Albania

Till yet e-commerce from Albanian businesses is considerate like one impossible investment's alternative. Now that our business is suffering from the absence of internal markets and liquidities, seems that fulfilling of conditions for applications of e-commerce can be one possibility for reduce consequences of economic crisis. But for realize profits form e-commerce one of main conditions that need to be fulfilled is security. Application of trust services in Albania means also growth of service's number that are given from Albanian accounting experts. In this situation the main problems that are also the questions of this paper are:

Can be offered trust services with competence from Albanian accounting experts? If not, what alternatives have Albanian businesses?

Actual knowledge and training of Albanian accounting experts

Till February 2012 the number of Registered Accounting Experts in Albanian was 157². For being licensed like accounting expert according to Albanian legislation, candidates need to follow one obligated period of professional experience assisted from one accounting expert. In this period, that reaches 3-5 years³, candidates need to gives exams every year for the knowledge taking in annual obligated trainings. Training in whole period of obligated experience include knowledge in below fields:

- ✓ Knowledge for accounting and financial reporting according to NAS
- ✓ Knowledge for accounting and financial reporting according to IAS/IFRS
- ✓ Auditing of Financial Statements prepared for general use

Each of these modules includes 40 hours training.

Comparison of necessary knowledge for being certified like CPA for trust services, accounting experts in Albania and the ulterior trainings

Exam for trust services	Exams for accounting expert in Albania	Training fields of accounting experts in Albania in 2011
Section 1- Risk assessment	Exam 1 Accounting, financial reporting and financial statement analyze • General accounting	Financial instruments

¹ These sections are shown below in this paper.

² www.ieka.gov.al

³ This period depend from type of engagement, if is service or work contract.

	<ul style="list-style-type: none"> • Cost and management accounting • Financial statements analyze 	
Section 2- Fraud consideration	<p>Exam 2 Civil Law, Criminal Law, Business legislation and Labor Law in Albanian Republic.</p> <ul style="list-style-type: none"> • Civil Law- Civil Code and Code of civil procedure • Business Law- Business Code • Criminal Law- Criminal Code and Code of criminal procedure • Labor Law- Labor Code and social security • Bankruptcy and his procedures • Prevention of money laundering and terrorism financing 	Consolidation, respective international and national standards that treat consolidation and preparation of Consolidated Financial Statements
Section 3- Internal control and IT general controls	<p>Exam 3 Ethic Code for accounting professionals and standards for specific issues</p> <ul style="list-style-type: none"> • Organization of Registered Accounting Experts profession • Professional ethic • Realization of auditing in accordance with international auditing standards of IAASB • Professional standards for doing other engagements of security, revision and suchlike that differ from auditing of historic financial information. 	Auditing based in risk evaluation- Concrete examples of auditing process application
Section 4- Evaluate, Test and Report	<p>Exam 4 Organization, management, administration and internal control of businesses, including information systems and informatics</p> <ul style="list-style-type: none"> • Base principles of businesses organization and administration • Informatics systems • Internal control, his components and organization • Businesses government, role of well government Code. 	Issues of assets valuation and depreciation according with IFRS in juridical, accounting and valuation aspect
Section 5- Information management and business intelligence	<p>Exam 5 Fiscal legislation in Albanian Republic</p> <ul style="list-style-type: none"> • Administration of fiscal obligations in Albanian Republic, procedures that are followed for taxes collection. Taxes structure. Responsible authority for taxes in national and local level. • Personal tax • Value added tax • Direct local tax • Excise and custom tax • Social and sanitary security 	Some aspects for cost and management accounting

As we see from this table, almost all, attention of trainings is concentrated in theoretic preparation about accounting and auditing standards. Only in third exam, obligatory for taking accounting expert certification, is demanded preparation for information system, but in exam this part of knowledge is valued with only 10% of total points⁴. Also from analysis of annual obligated training, knowledge that accounting experts take are only for standards in some specific aspects and auditing of business financial statements.

Analyze

For giving one based answer for the questions of this paper, is done one analyze of two factors that are considerate key for successes application of trust services in Albania from Albanian accounting experts. The method used for the conclusions is Hypotheses Control through independency criteria. Two groups of hypotheses are shown below:

Ho: Quality of trust services is not depended from accounting expert's age

Ha: Quality of trust services is depended from accounting expert's age

⁴ www.ieka.gov.al

Ho: Quality of trust services is not depended from expert's knowledge for IT

Ha: Quality of trust services is depended from expert's knowledge for IT

Elaboration of data for primary group of hypotheses is shown in table below⁵:

Tab.2: Relation between quality of trust services and Albanian accounting expert's age

Quality of trust services	Albanian accounting experts age				Total
	30-40 ⁶	41-50 ⁷	51-60 ⁸	Up to 61 ⁹ year	
High	28	8	3	0	39
Medium	2	19	27	3	51
Low	1	24	32	44	101
Total	31	51	62	47	191

Results of this analyze with $\alpha = 0.05$ are:

$X^2_{thoretic} = 12.59$ standard deviations and $X^2_{factual} = 142.009$ standard deviations

Based in these indicators we can say that alternative hypothesis is true and quality of trust services is depended from accounting expert's age. Is understandable and is accepted also from accountants that the quality crash with age's growth.

Tab.3: Relation between quality of trust services and accountant's knowledge for IT

Quality of trust services	Accountant's knowledge for IT			Total
	High	Medium	Low	
High	10	4	0	14
Medium	4	17	4	25
Low	1	9	18	28
Total	15	30	22	67

Results of this analyze with $\alpha = 0.05$ are:

$X^2_{thoretic} = 9.49$ standard deviations and $X^2_{factual} = 483.68$ standard deviations

Also in second groups of hypotheses, alternative hypothesis is true. The knowledge for IT are necessary for giving one qualified service.

Conclusions

- Trust services are necessary for guarantee success in realization of e-commerce. For this reason international organizations in accounting field have created criteria and principles that will be respected for certification of websites and IT systems. Certification creates possibility for secure transactions.
- For offering trust services experts need to be exposed in one exam that certificate them like able for offering with success these services.
- Knowledge taking from Albanian experts remains in the level of accounting standards treatment for some specific issues and don't include information technology. Only in one exam for taking expert license, candidates are tested about their knowledge for IT but this part is almost inconsiderable. For this reason is

⁵ 67 Albanian accounting experts have answered to the questionnaire

⁶ Actually are 24 accounting experts that belong in this age category

⁷ Actually are 54 accounting experts that belong in this age category

⁸ Actually are 66 accounting experts that belong in this age category

⁹ Actually are 13 accounting experts that belong in this age category

necessary one change in trainings knowledge for adapted them with trust service knowledge. In this manner Albania will profit from e-commerce.

- Analyzing answers of questionnaire given to Albanian accounting experts about two factors defined like key factors, age and IT knowledge, we can say that all the two are very important for quality of trust services. Based in this fact, as our accounting expert in the major part of them belong to forties and fifties seems impossible that trust services to be reality in Albania.
- Actually in Albania exists also branches of foreign auditing companies. These companies in their countries have in structure experts certified for offer trust services. This facilitate Albanian situation because one manner for offer trust services from Albanian experts is their training in foreign auditing companies. In this way service will be offered from Albanian companies and will be not necessary to contract foreign services. Also the fact that training will be done from persons with experience in this field will guarantee security and quality.
- As analyze signify that age of Albanian experts is important for quality of trust services in actual situation in Albania is viewed that is increased the number of young economists that have intention to be certified experts in one near future. Their knowledge in IT are advantage for offering trust services but is necessary doing training more effective.
- Based in all these arguments we can say that also for some years Albanian experts will not be able to increase the range of their services offering trust services for businesses that may to apply e-commerce in Albania. However perspectives are positives for Albanian economists because new experts are young and have knowledge in IT and in collaboration with foreign auditing companies have premise for realize with success trust services after some years.

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www.cpawebtrust.org
www.ieka.gov.al
www.VeriSign.com

Appendix: Questionnaire

- 1- In which age's category belong you?
 - ✓ 30-40
 - ✓ 41-50
 - ✓ 51-60
 - ✓ up to 61years
- 2- Have you information for trust services?
 - YES
 - NO
- 3- If yes, can be offered trust services with success from Albanian accounting experts?
 - YES
 - NO
- 4- If we will do enumeration of trust services quality in crescent order, how will you enumerate age's category based in quality that they will offer
 - ✓ 30-40
 - ✓ 41-50
 - ✓ 51-60
 - ✓ up to 61 years
- 5- In which category belong you as regard your IT knowledge?
 - ✓ High level of knowledge
 - ✓ Medium level of knowledge
 - ✓ Low level of knowledge
- 6- With what level of quality may you offer trust services based in your IT knowledge?
 - ✓ High
 - ✓ Medium
 - ✓ Low

Thank You!