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AICPA Launches CPA WebTrust

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Subject: Press Release -

AICPA Launches CPA WebTrust

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AICPA LAUNCHES CPA WEBTRUSTsm ELECTRONIC COMMERCE
SEAL

-- Initiative to Set Criteria and Provide Independent
Verification

for Electronic Commerce --

NEW YORK, September 16, 1997 - In a bold effort to break
down the barriers to mainstream consumer acceptance of
electronic commerce, the American Institute of Certified

Public Accountants (AICPA) and the Canadian Institute of Chartered Accountants (CICA) today announced CPA WebTrust, a unique seal of assurance for electronic commerce. CPA WebTrust is designed to assess commerce web sites to assure they meet AICPA- and CICA-defined criteria for standard business practices and controls over transaction integrity and information protection.

Developed in line with the principles set forth by the White House

in its "A Framework for Global Electronic Commerce," CPA WebTrust tells potential customers that a CPA (or CA in Canada) has evaluated a web site's business practices and controls and that the web site meets all the CPA WebTrust criteria. The CPA WebTrust assurance service is the latest initiative undertaken by the AICPA and is designed to build consumer trust and confidence in electronic commerce by monitoring and evaluating Web business practices through the hundreds of thousands of AICPA member CPAs and CICA member Chartered Accountants and their equivalents around the world.

"We are creating a consistent framework to set the bar on how web transactions should be done and a standard methodology for analyzing and evaluating the key factors in proper business practices and controls," said Barry Melancon, President and CEO, AICPA. "For more than 65 years, CPAs have been the guardians of fiscal responsibility, bringing added measures of trust and confidence to business. Today, we continue that fine tradition with CPA WebTrust."

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Security Issues

According to PC Magazine, Americans spent more than \$350 million on-line last year. That figure is expected to jump to \$6.5 billion by the year 2000. However, AICPA research shows that millions of current and would-be electronic customers

are very concerned about the privacy and security of information provided during Web transactions.

"Although electronic commerce is growing at an exponential rate, we believe security and other consumer concerns will continue to inhibit its widespread proliferation and acceptance. With CPA WebTrust, those concerns about privacy and security are minimized," said Everett C. Johnson, Partner and International Director of Deloitte & Touche Enterprise Risk Services, and Chairman of the AICPA's Electronic Commerce Task Force. "Our research shows that more than three quarters of on-line users have a favorable impression of the CPA WebTrust product concept."

How It Works

The CPA WebTrust criteria examines three broad principles:

Business Practices Disclosures: The web site operator discloses its business practices for electronic commerce transactions and executes transactions in accordance with its disclosed business practices

Transaction Integrity: The web site operator maintains effective controls to ensure that customers' orders placed using electronic commerce are completed and billed as agreed

Information Protection: The web site operator maintains effective controls to ensure that private customer information is protected from uses not related to its business

Through a rigorous process, specially trained CPAs will examine a company's web site to evaluate whether it meets the prescribed business practices and control criteria. When successfully completed, a report indicating the site's compliance is issued and the site is granted the CPA WebTrust seal. Consumers can click on the seal to access the report, as well as the CPA WebTrust Principles and Criteria. The site must be revisited by the CPA and the

seal must be refreshed at least every quarter. For more dynamic web sites, this frequency may be increased. And, each CPA WebTrust site will be linked to a directory of all sites bearing the seal.

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"Unlike other services, CPA WebTrust is the only offering that combines privacy, security and sound business practices - and the only one that provides independent third-party verification by a CPA or CA with the report available to anyone who clicks on the CPA WebTrust seal," said Johnson. "With research citing lack of security as the number-one reason not to purchase products on line, CPA WebTrust is truly needed to break down that imposing barrier."

Technologically Superior with VeriSign

To ensure that CPA WebTrust has the assurance and technical aspects of the seal in place, the AICPA partnered with VeriSign, a world-renowned provider of digital certificates. VeriSign developed the CPA WebTrust seal to be difficult to forge and revocable if the organization does not meet the prescribed criteria. All sites bearing the CPA WebTrust seal will be linked to an on-line listing so individuals can easily locate web sites that have passed the CPA WebTrust evaluation.

"The new CPA WebTrust service will add tremendous value to VeriSign's existing ID services by showing end users that web sites have been examined and approved by CPAs and have sound business practices. We are pleased to be working with CPAs to secure electronic transactions at their customers' web sites with this special VeriSign Secure Server ID," said Richard Yanowitch, vice president of Marketing for VeriSign. "This important program using digital IDs also shows web users that sites are indeed what

they say they are so that consumers can make informed decisions before they register for, buy from or browse on a particular site. With our certificates, VeriSign provides the encryption necessary to ensure that no third party can 'listen in' on communications between a customer and a web site."

Digital certificates serve as electronic credentials for the Internet and are used to validate a business' identity for web site security and electronic commerce. VeriSign has issued more than 35,000 Secure Server IDs for Web commerce.

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To quantify and characterize the need for an electronic commerce assurance service, the AICPA commissioned Yankelovich Partners to conduct a scientific study. The study was designed to assess the views of on-line users toward purchasing products on the Internet and the reaction to the new CPA WebTrust concept.

"According to our study, consumers who go online give high marks to the CPA WebTrust concept," said Hal Quinley, Partner, Yankelovich Partners. "The study indicates an enormous potential with CPA WebTrust because it addresses the greatest barrier to purchasing and performing transactions online - consumer concerns about the security of their personal and financial information."

Excerpts from the study include:

A large majority of online users say they would not provide information about their income (91%) or give out their credit card number (85%) when shopping online.

More than three quarters of online users (78%) have a favorable impression of the CPA WebTrust product concept

Almost half of on-line users (46%) report that the CPA WebTrust seal would make them more likely to conduct an online transaction

The AICPA (www.aicpa.org) is the national professional organization of CPAs with more than 331,000 members in public practice, business and industry, government and education.

The CICA, together with the provincial and territorial institutes of chartered accountants, represents a membership of over 60,000 professional accountants in Canada and Bermuda. The CICA sets accounting standards for business, not-for-profit organizations and government. It issues criteria of control guidelines, publishes professional literature, develops continuing education programs and represents the CA profession nationally and internationally.

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Editor's Note: For more information please visit the AICPA Web site at www.aicpa.org

CPA WebTrustSM Fact Sheet

- CPA WebTrustSM is a unique seal of assurance which has been developed jointly by the American Institute of Certified Public Accountants (AICPA) and the Canadian Institute of Chartered Accountants (CICA) to break down the barriers to electronic commerce by assuring on-line customers that businesses carrying the seal adhere to standard business practices and controls.
- Designed to build trust and confidence between businesses and consumers, CPA WebTrust will raise the bar for electronic commerce business practices and provide independent verification that Web sites meet AICPA- and CICA-prescribed criteria.
- The CPA WebTrust seal granted to a Web site assures compliance with CPA WebTrust principles and related criteria. Consumers may click on the seal and access a report, issued by the CPA, as well as the CPA WebTrust principles and related criteria.
- CPA WebTrust principles address three broad categories:
 - **Business Practices Disclosures**: The Web site operator discloses its business practices for electronic commerce transactions and executes transactions in accordance with its disclosed business practices.
 - **Transaction Integrity**: The Web site operator maintains effective controls to ensure that customers' orders placed using electronic commerce are completed and billed as agreed.
 - **Information Protection**: The Web site operator maintains effective controls to ensure that private customer information is protected from uses not related to its business.
- According to a national Yankelovich study, consumers are very concerned about the privacy and protection of their personal information -- including credit card numbers, social security numbers and buying pattern history -- when shopping on-line. However, according to the same study, consumers would be more willing to shop on-line if there were CPA assurance of a site.
- Only CPAs who have completed training and have been licensed by the AICPA in accordance with performance standards are qualified to issue the CPA WebTrust seal. Training, certification and licensing ensure consistent application of the CPA WebTrust principles and related criteria.
- The "CPA WebTrust" seal was developed by the AICPA and VeriSign, a world-renowned provider of digital authentication services. VeriSign encryption

and authentication technology and practices help assure the consumer that the seal on a Web site is authentic and the site is entitled to display it. This means the seal is difficult to forge and is current.