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Maximizing synergies between competition and consumer protection policies

Contribution

The FAS Russia

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Introduction

Competition and consumer protection policies are the two main regulatory areas that ensure consumer welfare in economic structure, these policies complement each other, fostering fair markets, promoting innovations, supporting businesses and safeguarding consumer interests. There is a clear synergy between them: consumer policy allows consumers to optimize their choices allowed by competition, and pro-competitive markets force producers to comply with consumer policies in order to appeal to their consumers. Moreover, healthy competition environment allows consumers to choose from a wide range of goods and services, promotes the introduction of technical achievements in production, therefore improve quality of these goods and services. Not to mention the fact that the protection of interests of consumers is a crucial aspect of all modern competition laws as well as a direct aim of consumer protection laws.

In Russia, there are two authorities with separate mandates for competition and consumer protection. The antimonopoly authority is the Federal Antimonopoly Service (hereinafter – the FAS Russia), and the authority responsible for consumer protection is the Federal Service for the Oversight of Consumer Protection and Welfare (hereinafter – the Rospotrebnadzor).

The powers of the FAS Russia include antimonopoly control, control over advertising, foreign direct investments, public procurement, as well as control in the field of trade and tariff regulation. This synergy of the authority's powers helps us to solve complex problems of competition development and choose the most rational way to respond to existing challenges, promote innovations, support businesses and for sure, protect consumers.

The basic documents, that the FAS Russia is guided by in its work, also directly relate to consumer protection issues. The provisions of the Constitution of the Russian Federation establishing guarantees in the sphere of economic activity serve as an effective guideline for all participants in legal relations, including the legislator, law enforcement officer, antimonopoly regulator, businesses, consumers in their activities. At the same time, Article 34 of the Constitution directly prohibits economic activity aimed at monopolization and unfair competition. The inclusion of provisions on competition in the norms of the Constitution demonstrates that the protection of competition is of paramount importance for the state and the population and is set as a constitutionally significant goal.

The goal of increasing the level of welfare of the population, the protection of consumers is also an important component of the main antimonopoly law in Russia – the Federal Law as of July 26, 2006, No. 135-FZ “On Protection of Competition” (hereinafter – the Law on Protection of Competition).

Interaction between the FAS Russia and the Rospotrebnadzor

Due to the symbiotic nature of competition and consumer protection policies activities of the FAS Russia and the Rospotrebnadzor have frequently crossed paths in various markets where competition development and consumer protection are of great importance. Here are a few examples of spheres of common interest of both authorities.

Combating telephone spam and scams

As said above, one of the functions of the FAS Russia is control over advertising in accordance with the Federal Law as of March 13, 2006, No. 38-FZ “On Advertising” (hereinafter – the Law on Advertising). It shall be noted that every fifth complaint to the FAS Russia about illegal advertising concerns telephone spam. This field has special importance in the context of protection of consumers since spam has transferred from annoying advertising into a malicious phenomenon, used to extort money and steal user data, including bank accounts. Clicking on a link from a seemingly harmless message can lead to downloading malicious software that will be able to collect and transmit information about the user, bank transactions and passwords, bank and personal account balances to attackers.

In this regard, the FAS Russia together with the Rospotrebnadzor and other interested authorities are paying great attention to control of this sphere.

In 2021, the FAS Russia and mobile operators signed a Memorandum on countering spam calls¹. The Memorandum is directly related to the protection of the rights and interests of users of communication services. In order to protect subscribers from receiving unwanted calls, including voice advertising, telecom operators have developed special technical solutions and algorithms to block spam calls. Such blocking will take place only with the consent of subscribers themselves. Also in 2022, the FAS Russia together with telecom operators developed a service for filing complaints about spam advertising². With the help of a special form, a subscriber can leave a complaint about voice or SMS advertising and promptly receive a response from the operator. It is expected that unwanted adverts will be blocked within 72 hours. This joint work is being carried out within the framework of the said Memorandum.

¹ <https://fas.gov.ru/news/31319>

² <https://fas.gov.ru/news/31967>

Moreover, in February 2025, the Government of the Russian Federation approved the draft law “On the establishment of a State information system for countering offences committed through the use of information and communication technologies” prepared by the FAS Russia, Rospotrebnadzor and Ministry of Digital Development, Communications and Mass Media of the Russian Federation. The draft law includes about 30 measures to combat telephone and internet fraud. It introduces mandatory call labelling: the phone screen will show whether the call is from a real company or an international virtual number. In addition, it will be possible to refuse advertising calls and messages that will protect consumers against unwanted calls and mass mailings, which are often made without their consent. Besides, the draft law expands the possibilities of using biometric data. Users will be able to conduct financial transactions using biometrics and use it for additional protection of accounts on marketplaces and other sites.

In addition, the Government of the Russian Federation proposes to automatically remove the old phone number from the personal cabinet of Public Services Portal “Gosuslugi” and banking applications. The purpose of this initiative is to prevent fraudsters from gaining access to the number so that they do not use it to enter bank accounts or hack into other resources. It is planned to create a special information system called “Antifrod” to detect suspicious activities. This is a unified platform where banks, telecom operators, digital platforms and governmental authorities will be able to exchange data and participate in information interaction.

Fighting counterfeit goods on marketplaces

Realizing the importance of developing the infrastructure of marketplaces and e-commerce in general, the FAS Russia sees its task in ensuring effective and non-discriminatory conditions for all participants of this market, including marketplaces and consumers.

At present, the FAS Russia is in constant dialogue with the business community and participates in the industry self-regulation processes. Market participants are primarily interested in resolving emerging issues independently. At the same time, in some cases, the market is affected through the application of antimonopoly response measures. In some other cases, it may be effective to introduce additional requirements to the activities of marketplaces. At the same time, such regulation should not hinder further development of the industry.

Besides, one of the priorities in this area is the fight against counterfeit goods sold on digital trading platforms. This sphere is under thorough supervision of the FAS Russia and the Rospotrebnadzor.

The largest marketplaces and the Association of Corporate Lawyers have prepared, with the participation of the FAS Russia, the document called “Fair practices for interaction between marketplaces and rights holders and sellers”³, aimed at preventing the sale of counterfeit goods, and signed in July 2023. It defines the procedure for filing and reviewing right holder complaints and the procedure for interaction with marketplaces. This is aimed at protecting intellectual property rights in e-commerce and eliminating the risk of consumers purchasing counterfeit goods. Over 7 million product cards have been blocked during the period of application of Fair practices.

Speaking about the responsibility of marketplaces, they have quite a large responsibility to deliver the specified information to consumers in an unchanged form. This applies to consumer feedback on goods, search results, and advertising on the platform. In this area, the FAS Russia is also carrying out active work together with the Rospotrebnadzor. For example, recently in the run-up to Black Friday, the FAS Russia and the Rospotrebnadzor agreed to check sellers on marketplaces for fake discounts since sometimes, sellers during Black Friday set an unreasonably high price and then offer goods with a fictitious discount, i.e. at their usual price.

Banking sector and advertising of banking services

In this area, the FAS Russia actively develops interagency cooperation with the Bank of Russia, the Ministry of Internal Affairs of the Russian Federation and the Rosportebnadzor, especially with regard to complaints received by the FAS Russia concerning large-scale fraud, misleading consumers, complaints about pawnshops illegally issuing loans, and reports of violations of advertising legislation.

Banking sphere is characterized by a big number of violations of the Law on Advertising. Below there are some examples of cases of the FAS Russia in the banking sectors. For instance, since the beginning of 2024, the FAS Russia has initiated 21 cases against the bank Alfa-Bank JSC on the grounds of violation of paragraph 1, part 2, part 7, article 5⁴ of the Law on Advertising. The FAS Russia imposed fines totaling 9 million RUB (\$ 87 379 USD). Earlier, the FAS Russia received complaints from citizens about an advertisement of Alfa-Bank JSC, which was disseminated on television. It contained the following statement: “The best bank for business. Payments and transfers without commission. Open an account for business”. The text of the footnotes was made in a difficult-to-understand way for consumers and was shown for a short time. According to the FAS Russia, the advertisement's use of incorrect comparisons and lack of information about the essential conditions of payments and transfers without

³ <https://en.fas.gov.ru/press-center/news/detail.html?id=55825>

⁴ General requirements for advertising.

commission may mislead consumers and contains signs of a violation of the Law on Advertising.

Besides, in November 2024, the FAS Russia issued an order to another Russian bank – Sberbank PJSC – due to an advert for a car loan that misleads consumers⁵.

Earlier, the FAS Russia received a complaint from a citizen about Sberbank's car loan advertisement. The advert contained the following statement: “Car loan in a new way. 0% down payment. Car loan without hull insurance. Registration in 2 minutes”. At the same time, some essential information about the terms of the car loan was missing. According to the FAS Russia, such actions distort the content of the advertisement and mislead consumers about the financial service. The FAS Russia issued an order to the bank to stop violating the Law on Advertising. If the organization fails to comply with the order, it will face a fine.

In October 2024, the FAS Russia initiated proceedings against Gazprombank JSC, another big Russian bank, for alleged violations in the advertising of a deposit⁶.

The advertisement contained information about the deposit rate of 22%, which was attractive to consumers. At the same time, there was no information about other deposit conditions affecting the amount of income. According to the agency, such actions may mislead consumers and contain signs of violation of part 7 of Article 5, paragraph 2, part 2 of Article 28⁷ of the Law on Advertising. The FAS Russia initiated proceedings against the bank. If a violation is established, the organization faces a fine.

Sphere of communications and information technologies

In the sphere of communications and information technologies one of the tasks of the FAS Russia was elimination of roaming fees in different regions of Russia – the question of particular importance for consumers. The FAS Russia initiated the cancellation of roaming in November 2016. In 2017, warnings were issued to the Big Four telecom operators (MTS PJSC, VimpelCom PJSC, MegaFon PJSC and T2 Mobile LLC) to cease actions containing signs of violation of antimonopoly legislation, as provided for by paragraph 6 of part 1 of Article 10 of the Law on Protection of Competition, expressed in the establishment of different tariffs for mobile radio-telephony services in the home region and when travelling outside the home region in the Russian Federation.

⁵ <https://fas.gov.ru/publications/24540>

⁶ <https://fas.gov.ru/news/33504>

⁷ Advertising of financial services and financial activities.

In June 2019, roaming was cancelled. The result of the work to cancel roaming was a significant reduction in the cost of communication services to home level when traveling around the Russian Federation.

In 2023, the Big Four telecom operators were warned to stop charging for Internet traffic distribution from subscribers' devices⁸.

All this had important meaning from the perspective of consumers' protection.

Apart from mobile operators, the FAS Russia pays attention to the activities of such big companies as Apple and Google in order to prevent cases of abuse of dominant position. In 2022, Apple paid a fine of 1.17 billion rubles (10.1 million USD) for prohibiting iOS application developers from using alternative payment options to the App Store. That decision has a positive impact on manufacturers and consumer providing them with a choice of payment methods. In Google case, in 2017, the Arbitration Court of the Moscow District concluded a two-year dispute between the FAS Russia and Google with a settlement agreement. The FAS Russia has established a violation in Google's actions that led to a ban on pre-installation of competing applications from other developers. As a result, due to refusals to other mobile device manufacturers, the most effective channel for distributing applications - pre-installation - was completely reserved for Google. In addition, the violation was expressed in providing contractors – manufacturers of mobile devices intended for sale in the Russian Federation – with the Google Play application store under certain conditions. Google accepted the fact of having violated the legislation. As part of the settlement agreement, Google developed a new Chrome widget for new devices that replaced the default Google search widget on the home screen. This helped end users of Android devices to see a “chooser” when they first launch the new widget, allowing them to set their search system. The creation of a new widget by Google was included into the settlement agreement under the initiative of the FAS Russia and had beneficial effect for consumers providing them with the wider choice.

Socially important food and non-food products

The FAS Russia pays close attention to price monitoring in respect of any food and non-food products in order to reduce price pressure on consumers and increase the quality and quantity of products available to consumers.

In competitive markets, the FAS Russia continues to work on increasing responsible pricing. To increase the affordability of food products for citizens, the FAS Russia suggested retail chains taking social responsibility and take on voluntary obligations to limit their own prices and markups for certain items within each category of socially

⁸ <https://interfax.com/newsroom/top-stories/94655/>

significant food products, as well as ensuring their availability in retail outlets in sufficient quantities.

The mechanism of voluntary restrictions of prices and markups on products by producers and retail chains is applied in many regions in accordance with the Decree of the Government of the Russian Federation as of April 26, 2023, No. 662.

As of April 2025, price agreements are in effect in 51 regions with the participation of 142 producers, 30 wholesale organizations and about 13,000 trade organizations.

As a result of the ongoing work with retail chains, markups on so-called first price goods⁹ decreased from 22 to 4.7 %. This was possible, among other things, due to voluntary commitments made by trading companies.

Particular attention is also paid to non-food goods for kids, learning and educational materials, books. In 2024, following the FAS Russia suggestion, the retail chain Detsky Mir, one of the largest Russian seller of children's goods, took social responsibility and voluntarily fixed prices for certain items of backpacks and school bags at the 2023 level.

Healthcare sector

Another important sector for consumers is pharmaceutical and healthcare market. The FAS Russia is constantly comparing prices for vital and essential medicines with prices in reference countries. If the FAS Russia sees that prices in the Russian Federation are higher, it notifies manufacturers of the need to reduce these prices. In 2024, the FAS Russia analyzed 11 000 declared prices for vital and essential medicines. According to the results of economic analysis, 890 prices were reduced by an average of 15 %.

Fuel and energy sector

The FAS Russia pays special attention to monitoring compliance with the deadlines for social gasification. Implementing the message of the President of the Russian Federation given to the Federal Assembly of the Russian Federation on February 29, 2024, the FAS Russia expanded the program of social gasification and development of gas supply systems to the boundaries of plots of land with a house of gardening associations in gasified settlements. On April 16, 2024, the Government of the Russian Federation adopted Resolution No. 484, which defines the criteria and conditions for free connection of households (pre-gasification) of citizens located in gardening associations

⁹ First-price good - the cheapest product on the shelf in each product category or group of products with the lowest prices. Prices are compared relative to competitors and within the shop.

in gasified settlements. The Resolution No. 484 defines a new category, according to which consumers can carry out additional gasification to their plots of land free of charge.

Conclusion

Developing synergies between competition and consumer protection policies in the Russian Federation faces several challenges. Despite being complementary in many ways, competition and consumer protection laws cover different issues and employ different methods to achieve their goals. Whilst consumer protection rules are built upon the premise that consumers are the weaker party to transactions and should be directly protected for this reason in their dealings with traders through certain consumer rights, competition law only indirectly protects the consumers' economic well-being by ensuring that the markets are subject to effective competition.

To better integrate these areas, a unified framework aligning the objectives of both authorities (the FAS Russia and Rospotrebnadzor) is crucial. Enhanced collaboration between agencies through joint task forces, data-sharing platforms, and interdisciplinary training for regulators can improve coordination. Legislative reforms should address overlaps, particularly in digital markets, ensuring dominant players adhere to consumer protection standards. Public awareness campaigns can educate businesses and consumers on their rights and obligations, while adopting international best practices and regular evaluations can refine strategies.

Moreover, work should be done to develop analytical methods and techniques (quantitative tests) in competition cases in terms of using tests that assess not price increases but decreases in the quality of a good (service) – particularly appropriate in zero-price markets.

Furthermore, in digital markets, more and more often the end consumer communicates directly with a monopolist without any intermediaries (in such spheres as transport and communications, utilities, telecoms and so on), and this communication can and should be regulated by common universal rules or recommendations that ensure both competition protection (prices, non-discrimination, bundling, etc.) and consumer protection (quality standards, terms of purchase and refusal, cooling off period, etc.). And this should be done digitally (permissible algorithms, standard B2C protocols, etc.).

Finally, one cannot fail to mention soft law instruments. Markets under consideration are competitive and it is impossible to directly apply competition law, but pro-competitive development must be ensured. Therefore, it is necessary to pay attention to soft law, advocacy and compliance.

By addressing these issues, a regulatory environment where competition and consumer protection policies complement each other, fostering fair markets and safeguarding consumer interests, can be created.