Legal Regulation of Digital Markets and Online Platforms in Iran: The Role of the Competition Council and the Regulatory Authority in Preventing Monopoly

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Abstract

The rapid growth of digital platforms in Iran, despite creating extensive economic opportunities, has also intensified the risk of monopolistic concentration and the weakening of fair competition. Two key institutions, namely the Competition Council and the Communications Regulatory Authority, are responsible for controlling such monopolistic tendencies. However, the central question is the extent to which these institutions have succeeded in fulfilling this role and the challenges they face in doing so. This article was developed with the aim of critically analyzing the legal structure and performance of Iran's regulatory institutions in confronting monopolization in digital markets and providing an analytical framework for policymakers. The present study adopts a descriptive-analytical approach and draws upon a comparative examination of the experiences of leading jurisdictions, including the European Union, the United Kingdom, and Australia, alongside an analysis of higher-level legal and regulatory documents, in order to investigate the capacities and shortcomings of Iran's regulatory system. The findings indicate that the obstacles to regulation in Iran are not merely attributable to legal deficiencies or limited resources; rather, they stem from a paradigmatic crisis involving the application of traditional regulatory concepts and instruments—originally designed for industrial markets—to the novel realities of the digital economy, which is fundamentally data-driven and algorithmic. This epistemic mismatch, combined with institutional fragmentation, the incomplete independence of regulatory bodies, and the inability to monitor algorithmic power, has resulted in a "regulatory vacuum" that dominant platforms exploit to consolidate market power. Moving beyond the current situation requires a fundamental reconsideration of the philosophy of regulation and a transition toward an intelligent and participatory regulatory model. Such a model should recognize the internal logic of the platform economy while establishing synergistic and data-driven supervisory mechanisms capable of transforming platforms into accountable actors with respect to market competitiveness.

Keywords: Digital Regulation, Platform Monopoly, Competition Council, Algorithmic Economy, Data Governance

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1. Introduction

Developments in information and communication technology over the past two decades have fundamentally transformed the economic and commercial structures of countries. The emergence of digital platforms and the provision of online services have not only shifted the traditional boundaries of markets but have also enabled the formation of network-based and data-driven business models. These changes have created unprecedented opportunities for economic development, productivity enhancement, and broader access to goods and services. However, alongside the rapid growth of these markets, the risk of economic concentration and the formation of monopoly has also become a serious concern (Rahbari, 2023). In circumstances where a few major platforms control a substantial share of the digital market, healthy competition is threatened, and users' and consumers' access to diverse options becomes restricted. Therefore, the existence of an efficient legal and institutional framework for regulating digital markets and preventing monopoly has become an essential necessity. Digital markets possess unique characteristics that distinguish them from traditional markets. Online platforms usually have a multisided business model; that is, a platform simultaneously acts as an intermediary among consumers, service providers, and content producers (Kadkhodaei et al., 2023). Such a structure generates extensive network effects, meaning that as the number of users of a platform increases, its value for other users also rises. This characteristic, together with high market-entry costs and users' dependence on existing platforms, prepares the ground for the formation of monopolistic power in digital markets. International experience shows that, without effective supervision and regulation, large digital companies can consolidate their position by relying on proprietary data and algorithms and artificially restrict competition.

In Iran, with the expansion of the internet and the increasing use of online platforms, the issue of regulating digital markets has gained greater importance. The country's legal and regulatory institutions are responsible for developing appropriate policies and regulations to prevent the formation of monopoly and ensure fair competition. Two key institutions in this field are the Competition Council and the Communications Regulatory Authority (Asadi, 2025). The Competition Council, as the legal authority responsible for addressing anticompetitive practices, plays a central role in controlling economic concentration and countering abuse of market power. Relying on the Law on the Implementation of the General Policies of Principle 44 and the Consumer Protection Law, the Council can adopt decisions that prevent the formation of monopolistic positions in digital markets. On the other hand, the Communications Regulatory Authority, as the body responsible for supervising the activities of digital and communications service providers, facilitates healthy competition by determining technical, legal, and regulatory frameworks (Alavi & Mohammadi, 2024). Interaction between these two institutions in areas related to the digital market can prevent unfavorable conditions for competitors and avoid the restriction of consumer choice.

Nevertheless, numerous challenges exist in the path of digital market regulation in Iran. First, existing laws have generally been designed for traditional markets and do not have sufficient capacity to address the complexities of digital and multisided models (Salamzadeh et al., 2021). Second, executive limitations and weaknesses in operational supervision can lead to regulatory inefficiency. Third, emerging technologies such as artificial intelligence, blockchain, and big data processing have created new issues in preserving competition and preventing monopoly, which require the revision and reform of legal frameworks.

The objective of this article is to analyze the role of the Competition Council and the Communications Regulatory Authority in preventing monopoly in Iran's digital markets. By focusing on legal and institutional dimensions, this study examines the existing legal instruments and executive policies and identifies their strengths and weaknesses. Moreover, by drawing on international experiences, it proposes solutions for strengthening regulation in Iran so that healthy competition can be supported while economic growth and technological development opportunities are preserved. In fact, the rapid growth of digital platforms in Iran has revealed the necessity of establishing a precise and effective regulatory system. By focusing on key regulatory institutions, including the Competition Council and the Communications Regulatory Authority, this article examines their capacities, instruments, and legal limitations in countering monopoly and provides an analytical framework for policymakers. This study not only highlights the importance of regulating digital markets but also clarifies operational pathways for countering monopoly and strengthening healthy competition.

2. Theoretical Framework and Literature Review

2.1. Digital Markets and Online Platforms

A digital market refers to a set of economic interactions in which the purchase, sale, and provision of services are conducted primarily through information and communication technologies, without requiring the physical presence of the parties to the transaction. These markets have specific characteristics that distinguish them from traditional markets. These characteristics include reduced transaction costs, high transaction speed, broad accessibility of services and goods, and the possibility of using big data to optimize supply and demand. Digital markets are usually affected by network effects, meaning that the value of a product or service for users increases as the number of other users grows. This phenomenon enables platforms that enter the market earlier to obtain a significant competitive advantage, thereby increasing the risk of concentration and monopoly in these markets. From legal and economic perspectives, such conditions require the existence of regulatory and legal instruments to support healthy competition and prevent the abuse of market power. International studies indicate that digital markets face specific complexities that require special legal mechanisms. For example, comparative studies on platform markets emphasize the importance of regulating platform markets and preventing the concentration of power among a limited number of major actors. These studies also show that the use of traditional antitrust rules, without considering the unique characteristics of digital markets, may be insufficient or even inefficient (Rahbari, 2023).

Online platforms are systems that create an intermediary relationship between suppliers and demanders of goods or services and make interaction and value exchange possible. These platforms often have a multisided business model, meaning that they simultaneously connect multiple groups of users, such as sellers and buyers in online marketplaces, drivers and passengers in internet-based transportation services, or content producers and consumers in digital media platforms (Bolour Kashani, 2025). The main characteristics of online platforms include digital intermediation, network effects, data-driven operation, and high scalability (Shams et al., 2025). From a regulatory perspective, online platforms create specific challenges. The concentration of power in a limited number of platforms can prevent the entry of competitors, reduce service quality, and increase prices. In addition, the collection and use of user data by platforms may entail the risk of information misuse and the creation of new competitive barriers. Consequently, the need for powerful regulatory institutions and precise rules to prevent monopoly and ensure healthy competition is especially prominent in digital markets (Rahbari & Masoudi Tafreshi, 2023).

2.2. Monopoly and Imperfect Competition in the Digital Economy

In traditional economic theories, imperfect competition refers to a market condition in which several sellers are present, but unlike a perfectly competitive market, the goods and services supplied are not homogeneous. In this structure, firms exercise some control over prices through product differentiation and supply restrictions, although this control is not absolute. However, the digital economy, with its distinctive characteristics, has seriously challenged traditional concepts of monopoly and competition. The most important feature of digital markets that leads to the formation of monopoly is network effects (Rahbari, 2023). Accordingly, as the number of users of a platform increases, the value of that platform for other users also rises exponentially. This phenomenon creates a significant competitive advantage for early and pioneering platforms and, in practice, substantially increases the entry cost for new competitors (Alavi & Mohammadi, 2024). For instance, the larger the number of users of an internet-based transportation platform or a social network, the easier it becomes for that platform to attract new users, drivers, or content producers, while the task becomes more difficult for new competitors.

In addition to network effects, data-driven operation also functions as another key factor in the concentration-oriented structure of the digital economy. By collecting and analyzing users' big data, large platforms can not only optimize their services and predict needs but also use these data to create new competitive barriers. This leads to the formation of a type of data-based monopoly in which ownership and control over user information become a source of market power (Rahbari, 2022).

2.3. Theories of Economic and Legal Regulation

Regulation, as one of the fundamental functions of states in the modern economy, means establishing rules and structures to guide and control market processes. This concept has evolved in response to a paradigm shift in state intervention in the economy, moving from welfare states, which sought direct and extensive intervention, toward regulatory states. In this new approach, instead of direct ownership and operation, the state acts as a supervisor and rule-maker, defining the framework of the game for economic actors. Regulatory theories are based on the principle that traditional and repressive criminal intervention is inefficient in confronting the complexities of economic crimes and violations, especially in modern markets (Ali et al., 2025; Haddadzadeh et al., 2024). The traditional criminal justice system, by relying on limited and specific punishments, is not only unable to compensate for the extensive losses imposed on victims, such as investors and consumers, but may also cause further harm by creating stagnation and shutting down parts of the economy. In contrast, the system of economic regulation emphasizes preventing harm and preserving economic order through supervisory and control mechanisms, prescribing criminal intervention as a last resort and only in necessary cases.

Today, various styles exist for implementing regulation, differing in the degree of state intervention and the role of the private sector. One of the most important of these styles is collaborative regulation. In this model, the state and independent regulatory institutions organize the market through interaction and coexistence with one another and by drawing on the capacities of the private sector. This approach, which emphasizes soft law and the diversity of regulatory instruments, is more efficient in complex markets such as the capital market and the digital economy, where the pace of change is high. Effective regulation in the digital economy requires the adoption of a comprehensive and participatory strategy (Akbarzadeh et al., 2024; Gholampour & Esfandiari, 2025).

The experiences of leading jurisdictions, such as the European Union, show that regulation in this field should be designed with the objective of protecting users' rights, preserving privacy, and preventing the empowerment of large platforms, while at the same time creating incentives for innovation and the development of digital technologies. Any monopoly over regulation and assigning it to a single institution without the participation of other stakeholders may lead to increased bureaucracy, reduced transparency, and ultimately regulatory inefficiency. Therefore, the main challenge in the digital economy is to find a balance between intervention to prevent monopoly and the preservation of an open and competitive environment for the growth of start-ups and emerging technologies (Wang & Gao, 2021).

3. International Experiences in Platform Regulation

The experience of leading countries in regulating digital platforms shows diverse models, each shaped by specific legal and institutional approaches. Studying these experiences is necessary for identifying strengths and weaknesses and assessing the possibility of using them in Iran's legal system (Babayev & Rzali, 2025). The European Union can be regarded as a pioneer in comprehensive platform regulation. By adopting a set of laws, the Union has created a multilayered framework for regulating digital markets. The most important of these laws are the Digital Services Act and the Digital Markets Act. The Digital Services Act focuses on creating a safer and more transparent online environment and, by classifying platforms based on their size and degree of impact, such as very large online platforms, imposes different requirements on them, including risk assessment, algorithmic transparency, and researchers' access to data. In contrast, the Digital Markets Act is designed to ensure the contestability and fairness of markets and subjects dominant platforms, or gatekeepers, to ex ante obligations, including the prohibition of self-preferencing, the requirement of interoperability with competing services, and the prohibition of combining user data without informed consent. The European Union's approach, known as the Brussels effect, has effectively extended its standards to other countries because of the large size of the European single market (Akbarzadeh et al., 2024; Gholampour & Esfandiari, 2025). The United Kingdom has also established an independent regulatory regime after leaving the European Union. The Online Safety Act, adopted in 2025, creates a broad supervisory regime to address illegal and harmful content and obliges platforms to fulfill a duty of care toward users, especially children, through systematic risk assessments. Moreover, the Digital Markets, Competition and Consumers Act, by granting extensive powers to the Competition and Markets Authority to conduct ex ante regulation of companies with strategic market status and by creating a direct enforcement

mechanism for consumer protection, presents another model of integrated regulation (Ali et al., 2025; Haddadzadeh et al., 2024). In contrast to the European approach, the United States lacks a comprehensive federal law for platform regulation. In that country, regulation is mainly pursued through the enforcement of traditional competition and antitrust laws by federal bodies such as the Federal Trade Commission, as well as through numerous and sometimes conflicting laws at the state level, such as data privacy laws in California or Texas (Lukashenko & Melnikov, 2021; Picard, 2022).

The United States' approach toward foreign platforms such as TikTok has adopted a more security-oriented and sovereignty-based approach through laws such as the International Emergency Economic Powers Act. Australia has also adopted an active approach to platform transparency and safety by enacting laws such as the News Media Bargaining Code and establishing institutions such as the eSafety Commissioner. The close cooperation of this institution with regulators in countries such as Ireland through bilateral memoranda of understanding and membership in the Global Online Safety Regulators Network indicates the importance of cross-border cooperation in this field. An important institutional innovation in recent years has been the creation of digital regulators' forums in countries such as the United Kingdom, the Netherlands, Ireland, Australia, and Canada. By bringing together independent regulatory bodies in the areas of competition, privacy, communications, and content, these forums make it possible to adopt an integrated and synergistic approach to complex platform issues. This institutional model can be highly instructive for countries such as Iran, which face fragmentation among decision-making institutions (Akbarzadeh et al., 2024; Gholampour & Esfandiari, 2025).

4. Legal Structure and Regulatory Institutions in Iran

4.1. The Competition Council

The Competition Council can be regarded as the most important supervisory pillar in Iran's competition law system. This Council is a supra-branch and specialized institution that was formed following the establishment of an economic system based on competition and after the enactment of the Law Amending Certain Articles of the Fourth Development Plan Law and Implementing the General Policies of Principle 44 of the Constitution in 2007. Before the establishment of this Council, the absence of a single supervisory authority over monopolistic behaviors had prepared the ground for the formation of extensive monopolies (Shams et al., 2025).

A. Legal foundations and institutional position: The legal basis for the formation and duties of the Competition Council is mainly set out in Articles 53 to 71 of Chapter Nine of the Law on the Implementation of the General Policies of Principle 44 of the Constitution. These provisions introduce the Council as the sole authority for addressing anticompetitive practices in the country. Article 43 of the same law, through its general jurisdiction, subjects all natural and legal persons, whether public, cooperative, or private, to the provisions of this chapter and extends the scope of the Council's authority to all economic actors operating in the Iranian market, including foreign persons. The Council has a supra-branch character and consists of specialists in economics and law so that, through rule-making on the one hand and quasi-judicial adjudication of violations on the other, it can protect the flow of healthy competition in the market (Bashiri & Khodaeinejad, 2025; Bolour Kashani, 2025).

B. Composition of members: The members of the Council are drawn from the three branches of government and from the private and cooperative sectors, reflecting a comprehensive view of regulation. Its main members include:

Three representatives of Parliament, from the Economic Committee, the Planning and Budget Committee, and the Industries Committee.

Two judges of the Supreme Court, selected by the head of the Judiciary.

Two prominent economic experts, proposed by the Minister of Economic Affairs and appointed by presidential decree.

One prominent legal scholar, proposed by the Minister of Justice and appointed by presidential decree.

Two experts in commerce, one expert in industry, one expert in infrastructure services, and one specialist in financial affairs.

Two persons selected by the Chamber of Commerce and the Chamber of Cooperatives (Kadkhodaei et al., 2023; Rahbari, 2023).

C. Key duties and powers: The Competition Council has a wide range of legislative, executive, and judicial functions, the most important of which are as follows:

1. Exclusive authority for addressing anticompetitive practices: The Council is the only competent authority for adjudicating claims related to anticompetitive practices such as pricing, collusion, abuse of dominant position, and exclusive agreements. For example, the Council has recently found the contracts of some major online platforms, such as Snappfood and SnappPay, to be anticompetitive because they created restrictions for competitors and has issued rulings against them.
2. Regulation in monopolistic markets: In markets where full competition does not exist because of their structure, such as natural monopolies, or because of special conditions, the Council can adopt guidelines for regulating price, quantity, and conditions of market access. A clear example is the adoption of pricing guidelines in the passenger car market (Rahbari & Masoudi Tafreshi, 2023).
3. Administrative complaint handling: Pursuant to Article 7 of the Law on the Implementation of the General Policies of Principle 44 and Article 19 of the Law on the Continuous Improvement of the Business Environment, the Council is the authority responsible for handling complaints arising from delays or failures by executive bodies to issue business licenses, as well as violations in the process of public transactions.
4. Establishment of sectoral regulatory bodies: Under Article 59 of the law, the Council may propose to the government the establishment of independent regulatory bodies for specific markets, such as energy, communications, and transportation.
5. Investigative and inspection authority: To perform its duties, the Council has the power to inspect enterprises and access their documents and information (Asadi, 2025; Rahbari, 2022).

4.2. The Communications Regulatory Authority

The Communications Regulatory Authority, commonly known as the regulator, is the specialized regulatory institution in the field of communications and information technology. This organization was established in 2003 pursuant to Article 7 of the Law on the Duties and Powers of the Ministry of Communications and Information Technology. The main purpose of its creation was to separate policymaking functions, which remained within the Ministry of Communications, from operational, executive, and supervisory functions so that decision-making in this sector would become more specialized and transparent. In terms of legal and structural position, the organization operates as one of the bodies affiliated with the Ministry of Communications and Information Technology, and its head is also a deputy minister. This dependence has generated debates about the full independence of the institution (Abhari & Miri, 2012; Mohammadhosseini et al., 2020). According to reports, Iran is among the countries whose regulator is not fully independent from the ministry, whereas many countries have fully independent regulators. Nevertheless, by having specialized deputy offices in supervision, radio affairs, postal and communications affairs, and strategy, as well as nine regional general offices across the country, the organization manages an extensive supervisory network (Bashiri & Khodaeinejad, 2025; Bolour Kashani, 2025).

Mission and central duties: The organization's main mission is to create and maintain a competitive, transparent, and efficient market in the field of communications and information technology. Its most important duties include:

1. Issuing licenses and permits: The main duty of the regulator is to issue various operating licenses for mobile and fixed-line operators, internet service providers, postal companies, and other actors in this field. These licenses determine the legal and technical framework of their activities.
2. Supervision of quality of service and tariffs: By periodically measuring service quality, including internet speed, connection stability, and call quality, and by supervising operators' tariffs, the regulator protects consumers' rights to receive adequate services at fair prices (Salamzadeh et al., 2021).
3. Management of the radio frequency spectrum: Radio frequencies are a limited public resource. The organization is responsible for managing, allocating, and supervising optimal use of this spectrum in order to prevent signal interference and enable the provision of quality wireless services.
4. Protection of consumer rights: By establishing complaint registration systems, the organization acts as a refuge for users against operators' violations and follows up on their cases so that public problems are resolved.
5. Infrastructure development: Through the formulation of supportive regulations and the encouragement of investment, the regulator plays a key role in developing infrastructure such as fiber optics and emerging technologies such as 5G.

While the Competition Council is a cross-sectoral supervisor and functions as a regulator of regulators, the Communications Regulatory Authority is a specialized sectoral regulator in the field of communications. In other words, if a digital platform, such as an internet operator, commits an anticompetitive practice, the regulator initially addresses the violation within the framework of sectoral regulations. However, the Competition Council, as the highest authority for dealing with anticompetitive practices, has jurisdiction to supervise the regulator's own performance or to adjudicate complaints raised under competition laws. This complementary relationship forms the institutional framework for regulating digital markets in Iran (Kadkhodaei et al., 2023; Rahbari, 2023).

4.3. Regulatory Barriers

4.3.1. Regulation in Iran's Digital Markets

Effective regulation of digital markets in Iran faces numerous and complex challenges and obstacles. These obstacles can be classified and analyzed under four general categories: legal and legislative barriers, institutional and structural barriers, executive and operational barriers, and technological and emerging barriers.

4.3.2. Legal and Legislative Barriers

The first and most fundamental barrier to efficient regulation relates to the obsolescence and inefficiency of existing laws. Most laws related to competition and regulation in Iran, including Chapter Nine of the Law on the Implementation of the General Policies of Principle 44, were adopted at a time when the digital economy either did not exist in its current form or was in its early stages. These laws, which were mainly designed for traditional and physical markets, do not have the necessary capacity to identify and address the complexities of anticompetitive behaviors in multisided platforms (Asadi, 2025; Rahbari, 2022). For example, concepts such as self-preferencing by dominant platforms, data-based price discrimination, or the acquisition of emerging competitors, which are central challenges of competition in the digital economy, have not been defined or criminalized in Iranian laws.

In addition, the dispersion and multiplicity of laws and law-making authorities in the field of cyberspace have resulted in a kind of incoherent regulatory network. At times, the Supreme Council of Cyberspace, Parliament, the Council of Ministers, or sectoral regulatory institutions adopt regulations that may not be coordinated with one another or may even conflict with one another. This multiplicity not only confronts economic actors with numerous and sometimes contradictory obligations but also complicates the processes of supervision and enforcement. An example is the occasional conflict between the resolutions of the Supreme Council of Cyberspace and laws adopted by the Islamic Parliament in the field of internet-based businesses (Alavi & Mohammadi, 2024; Safdarian Karouyeh, 2024).

4.3.3. Institutional and Structural Barriers

The most important institutional barrier is fragmentation and lack of coordination among regulatory authorities. As noted in the previous section, the Competition Council, as a cross-sectoral regulator, and the Communications Regulatory Authority, as the communications-sector regulator, are the two main institutions. However, other bodies, such as the National Center for Cyberspace, as the highest policymaking body, the Consumer and Producer Protection Organization, the Office of the Prosecutor General, especially in the field of computer crimes, and even the Ministry of Culture and Islamic Guidance, in the field of platform content, are also involved in this domain in one way or another (Kadkhodaei et al., 2023; Rahbari, 2023). The absence of an integrated and binding mechanism for coordination among these institutions leads to parallel work, overlap of responsibilities, and sometimes the issuance of contradictory decisions (Kadkhodaei et al., 2023; Rahbari, 2023). This situation not only reduces regulatory efficiency but also, by creating an ambiguous environment for businesses, hinders investment and innovation.

On the other hand, the incomplete independence of regulatory institutions also creates challenges. For example, the dependence of the Communications Regulatory Authority on the Ministry of Communications raises concerns that its decisions

may be influenced by political considerations or state interests rather than being based solely on technical and competitive principles. Although the Competition Council is structurally defined as a supra-branch and more independent body, practical experience shows that this Council has also faced challenges in enforcing some of its rulings because of pressure from powerful economic institutions (Shams et al., 2025).

4.3.4. Executive and Operational Barriers

Apart from legal and institutional weaknesses, executive and supervisory limitations are also serious barriers to regulation. Despite their numerous duties, the Competition Council and the Communications Regulatory Authority lack specialized human resources, sufficient budgets, and the necessary technical facilities for continuous and effective monitoring of digital markets. Monitoring the behavior of platforms that operate through complex algorithms and massive datasets requires advanced technical knowledge and sophisticated data-analysis tools, which are currently not available to Iran's regulatory institutions.

Moreover, resistance by powerful stakeholders to the enforcement of competition rules is another major obstacle. Large platforms that benefit from their dominant position usually resist regulatory decisions through various legal and media tools. Experience has shown that the enforcement of Competition Council rulings against some major online platforms has faced long delays and significant difficulties. Weak enforcement guarantees and inefficient fine and punishment mechanisms reduce platforms' incentives to comply with regulations.

Information opacity is another challenge (Kadkhodaei et al., 2023; Rahbari, 2023). To identify anticompetitive practices, regulatory institutions need access to accurate platform data, such as pricing data, algorithms, and user behavior. However, platforms usually refuse to provide this information on the grounds of trade secrecy, while regulatory institutions lack effective legal instruments to compel them to disclose such information. The newest and perhaps most complex category of barriers relates to the emergence of new technologies such as artificial intelligence, blockchain, the Internet of Things, and the data-based economy. These technologies create new business models that cannot be accommodated within traditional regulatory frameworks. For example, the use of dynamic pricing algorithms can covertly and coordinately create the basis for automatic collusion among platforms without the need for human communication. Detecting and proving such collusion is almost impossible with existing instruments (Salamzadeh et al., 2021).

Furthermore, the concentration and monopolization of data by large platforms have themselves become a structural barrier to competitor entry. A dominant platform, by possessing a massive volume of user data, can continuously optimize its services, whereas a new entrant, because it lacks access to such data, cannot compete effectively even if it has superior technology. Regulation in this field requires the design of new concepts such as data portability and interoperability, which have not yet acquired a clear position in Iran's legal system. Finally, the rapid pace of technological change compared with the slow and time-consuming process of legislation has intensified a structural mismatch. By the time the legislature adopts rules for a particular technology, that technology may have become obsolete or developed to such an extent that the adopted rule is no longer effective. This time gap is one of the global challenges of digital regulation, but in developing countries such as Iran, where technical and legal capacities are more limited, it is much deeper and more damaging (Bashiri & Khodaeinejad, 2025; Bolour Kashani, 2025).

4.4. The Role and Strategies of Regulatory Institutions in Preventing Monopoly

Regulatory institutions in digital markets, especially the Competition Council and the Communications Regulatory Authority, play multiple roles in the cycle of monopoly prevention. These roles can be classified into three general categories: preventive, or ex ante, role; supervisory and corrective role; and competition-facilitating role.

A. Preventive Role

The most important role of regulatory institutions is intervention before anticompetitive conduct occurs. This approach, institutionalized in modern competition laws such as the European Union's Digital Markets Act, emphasizes the establishment of ex ante obligations for dominant platforms. In Iran, the Competition Council partly performs this role by adopting general and case-specific guidelines. For example, the adoption of pricing guidelines in the automobile market or the handling of exclusive contracts of platforms such as Snappfood and SnappPay are examples of this preventive intervention. Merger and

acquisition control is one of the most important manifestations of the preventive role (Shams et al., 2025). Large platforms sometimes eliminate their potential competitors by acquiring small and emerging rivals at the earliest stages. The duty of the regulatory institution is to assess the effect of any merger or acquisition on the competitive structure of the market before it occurs and prevent it if it weakens competition (Attar, 2022).

B. Supervisory and Corrective Role

This role concerns the detection, adjudication, and punishment of anticompetitive behaviors after they occur. The Competition Council, as the exclusive authority for addressing anticompetitive practices in Iran, examines instances such as abuse of dominant position, predatory pricing, price discrimination, and self-preferencing and, if a violation is established, issues orders to stop the conduct and compensate for damages. In this respect, the Communications Regulatory Authority also plays a complementary role by supervising tariffs and service quality among communications operators and platforms. For example, supervising the implementation of approved tariffs and preventing discriminatory tariff practices by dominant operators falls within the duties of this organization (Islamic Parliament Research, 2021).

C. Competition-Facilitating and Enabling Role

Regulatory institutions are not merely supervisors and sanctioning bodies; rather, they must prepare the ground for the entry of new competitors and the continuation of healthy competition. Reducing market-entry barriers is the most important part of this role. These barriers may arise from cumbersome laws and regulations, such as lengthy licensing processes, or from the market structure, such as the dominant platform's exclusive access to user data. In Iran, pursuant to Article 7 of the Law on the Implementation of the General Policies of Principle 44, the Competition Council is the authority responsible for handling complaints arising from delays or failures to issue business licenses and can use this capacity to reduce administrative barriers to market entry. The Communications Regulatory Authority also contributes to reducing the cost of market entry by facilitating the licensing process for new operators and creating shared infrastructures (Mohammadi, 2022).

4.5. Practical Strategies for Strengthening Regulation and Preventing Monopoly

In light of the analysis of the four categories of barriers, namely legal, institutional, executive, and technological barriers, as well as the three roles of regulatory institutions, a set of strategies is proposed to enhance the efficiency of Iran's digital market regulatory system.

The Law on the Implementation of the General Policies of Principle 44 and the Electronic Commerce Law, which were formulated for traditional markets, should be revised to cover new concepts such as data, algorithms, self-preferencing, and algorithmic collusion. Following the experience of the European Union's Digital Markets Act and Digital Services Act and the United Kingdom, the adoption of a comprehensive and independent law for regulating digital platforms is necessary. This law should precisely define dominant platforms and determine specific ex ante obligations for them in areas such as algorithmic transparency, interoperability, data portability, and prohibition of self-preferencing. Inspired by successful international experiences, such as those of the United Kingdom, Australia, and Canada, it is necessary to establish a coordinating body composed of representatives of the Competition Council, the Communications Regulatory Authority, the National Center for Cyberspace, the Consumer Protection Organization, and other relevant institutions. This forum could prevent parallel work, overlap of duties, and contradictory decisions by adopting an integrated and synergistic approach. The structure of regulatory institutions should be reformed in such a way that their independence from the three branches of government, especially from related ministries, is guaranteed. The use of a commission or independent board structure with the participation of representatives of different stakeholders, including the private sector, universities, and professional associations, can lead to fairer decisions and greater cooperation by market actors. Current minor fines lack the necessary deterrent effect for large platforms. Reforming the fine system and setting penalties proportionate to platforms' annual turnover, as in the European Union approach that permits fines of up to 10 percent of global turnover, can increase incentives for compliance with regulations. Purely state-centered and top-down regulation is inefficient in the face of rapid technological change. Platforms should be encouraged to formulate and implement ethical charters and intra-industry codes of conduct, and professional institutions such as information and communication technology federations should play a more active role in this regard. The state, instead of intervening directly, should assume the role of supervising the proper implementation of these standards. Rather than focusing solely on rigid and command-based rules, professional ethics and social responsibility should be placed at the

center of regulation. Today's informed consumers prefer transparent and responsible platforms, and this itself can function as a powerful incentive for compliance with competitive principles. Dominant platforms should be required to provide regulatory institutions, and even independent researchers, with the necessary information about how their algorithms operate, especially in ranking, recommendation, and pricing. The absence of a comprehensive law on privacy and data ownership is one of the fundamental gaps in Iran's digital economy. The adoption of such a law can, while protecting users' rights, contribute to market contestability by creating limits on data accumulation and misuse by dominant platforms. In fact, the role of the Competition Council and the Communications Regulatory Authority in preventing monopoly in digital markets is vital and multidimensional. By performing preventive, supervisory, and facilitating roles, these institutions can prevent the concentration of power in the monopoly of a few large platforms and create space for innovation and healthy competition. However, achieving this objective requires overcoming existing barriers and implementing a set of coordinated strategies at legal, institutional, executive, and technological levels. The transition from traditional and command-based regulation to intelligent, participatory, ethics-oriented, and data-driven regulation is a pathway that can restrain monopoly, rebuild public trust, and transform the digital economy into a real driver of national development.

5. Conclusion

The present study, aimed at examining the role of Iran's regulatory institutions in confronting monopoly in digital markets, did not merely describe the existing situation; rather, by drawing on comparative approaches and critical analysis, it addressed the hidden layers of the regulatory problem in the country's platform economy. The findings of this study indicate that the puzzle of monopoly in Iran's digital markets goes beyond the absence of efficient laws or the weakness of executive institutions and returns to a paradigmatic crisis in understanding the nature of the digital economy. In fact, what is currently practiced in Iran under the title of platform regulation is largely based on the assumptions and instruments of the industrial era, which are not only incapable of restraining monopoly but have themselves become a factor in consolidating the position of dominant platforms. The most important achievement of this study is revealing the institutional contradiction embedded in Iran's regulatory structure. On the one hand, the Competition Council, as a cross-sectoral institution, operates through a traditional legal-economic logic whose speed of diagnosis and adaptability to platform dynamics is very limited. On the other hand, the Communications Regulatory Authority, despite possessing technical expertise, cannot intervene effectively in platforms' anticompetitive practices because of its structural dependence and limited competition-related jurisdiction. This epistemic-structural gap between the two key institutions has created a form of regulatory vacuum that dominant platforms exploit in order to continue their monopolistic strategies while maintaining the appearance of compliance with regulations. Another important point is the changing nature of power in the digital economy and the failure of Iran's regulatory system to reflect this change. Monopolistic power in modern platforms is no longer manifested in the control of physical resources or pricing but in ownership and control over data flows, the design of algorithmic architecture, and the shaping of user behavior. Iran's regulatory institutions continue to focus on traditional indicators such as market share or price and are unable to monitor and restrain platforms' algorithmic and data power. This theoretical and practical inability allows dominant platforms to use modern instruments to guide competition in such a way that competition appears to exist, while in practice competitors never obtain an equal opportunity.

In such a situation, purely legislative solutions or gradual institutional reforms will be inefficient. What is required is a fundamental rethinking of the philosophy of regulation and a transition from regulation of platforms to regulation with platforms. This paradigm shift requires regulatory institutions first to understand the internal logic of the platform economy and then to transform platforms into responsible actors with respect to market contestability by designing synergistic and intelligent supervisory mechanisms. In this model, regulation is defined not as an obstacle but as a catalyst for innovation and competition. Consequently, it must be emphasized that the fate of competition in Iran's digital markets depends less on legal reform or institutional strengthening than on the capacity of the country's legal and economic community to create a new language for understanding platform phenomena. As long as our analytical frameworks remain captive to concepts and theories belonging to the pre-digital era, any attempt at regulation will not only fail to restrain monopoly but will also unintentionally contribute to its stabilization. Therefore, the first step toward effective regulation is not institutional reform but the reform of our theory and language concerning the digital economy.

Ethical Considerations

All procedures performed in this study were under the ethical standards.

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Conflict of Interest

The authors report no conflict of interest.

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