

## **Economics Seminar, Indian Statistical Institute, New Delhi.**

**SPEAKER: Rene Saran**, Maastricht University

**TITLE: Competing Trading Platforms: Walrasian Auctioneers vs Bazaars**

**TIME: 11:30-1:00.**

**DAY & DATE: Friday, May 22nd, 2009**

**PLACE: Seminar Room 2, New Building**

### **Abstract:**

We analyze how in a market with heterogeneous buyers and homogeneous sellers, traders coordinate on competing trading platforms that differ in the way transaction prices are determined. We show that coordination of traders on platforms which aggregate demand and supply and organize trade at a fixed price (e.g. uniform-price auctions) fails to be stochastically stable. Instead, traders are likely to coordinate on a competing platform that offers decentralized trade at a non-uniform market price (e.g., in bargaining or a discriminatory-price auction) if (i) decentralized trade is inefficient or (ii) decentralized trade leaves the long-market side with sufficiently large proportions of the surplus or (iii) the market-impact effect of the long-market side is sufficiently pronounced. We compare our findings with the results of random arrival models of competing market platforms and conclude that competitive market design should address long-market side in mature markets where firms compete for established customers while short-market side should be targeted in emerging markets where firms compete for new customers.

<http://www.isid.ac.in/~pu/seminar.html>