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Meeting Technologies in Decentralized Asset Markets

(with G. Jarosch and R. Shimer, 2015) work in progress

ABSTRACT

We study decentralized trading networks where agents differ in both their time-varying taste for an asset and the constant frequency at which they meet others. We demonstrate that fast agents endogenously arise as intermediators whose net valuation of the asset gets moderated through their exposure to others. We show that allocating meetings in an ex-ante asymmetric fashion across agents generates higher welfare then a homogeneous distribution of meeting frequencies, if and only if some agents intermediate. We also characterize properties of the market equilibrium in which ex-ante identical agents choose their meeting rates, and show that an equilibrium with symmetric meeting rates does not exist. Finally we compare the properties of equilibrium outcome with the planner allocation.