Discussion on
Brunnermeier and Payne's
Platforms and Tokens

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Platform design and currency design

- Platforms and tokens
  - Amazon Coin, Facebook Credits, WoW Gold, QQ Coin
  - Token design: (1) acquisition, (2) transferability, (3) liquidation
  - (Halaburda & Fung, 2014; Gans & Halaburda, 2015; Halaburda & Sarvary, 2016)
  - New approach here
- Platform Competition Perspective
  - Proprietary platform competing with non-proprietary (Llanes & de Elejalde, 2013; Casadesus-Masanell & Llanes, 2015)
    - proprietary can charge transaction fees, and otherwise more tools of platform competition
  - Buyers need to choose platform in advance, or pay additional fee
    - creates precautionary demand for tokens
  - Basic tools of platform competition: participation fee, transaction fee, exit fee

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How can platforms competition research inform?

- Coordination problem with negative same-side network effect
  - Competition of auction sides (Ellison & Fudenberg, 2003; Ellison, Fudenberg & Mobius, 2004)
  - … or dating sites (Halaburda, Piskorski & Yildirim, 2018)

- Other platform competition tools
  - Divide-and-conquer pricing (Caillaud & Jullien, 2003; Jullien, 2011)

- Multiple equilibria
  - $\uparrow \epsilon^{01}$ (into token fee) $\Rightarrow \uparrow \theta$

- Exit fee vs free market

Overall

- Very interesting new take

- Great utilization of macro tools to platform competition

- Updating the analysis as the technology of platform tokens/cryptocurrencies develops