

# Discussion of: "Price Negotiation in Differentiated Product Markets: The Case of Insured Mortgages in Canada"

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# What I Like About this Paper



- A structural approach
- A search model is fundamentally the right way to think about mortgage markets
  - Particularly for borrowers with less-than-pristine credit



### What I Don't Like So Much

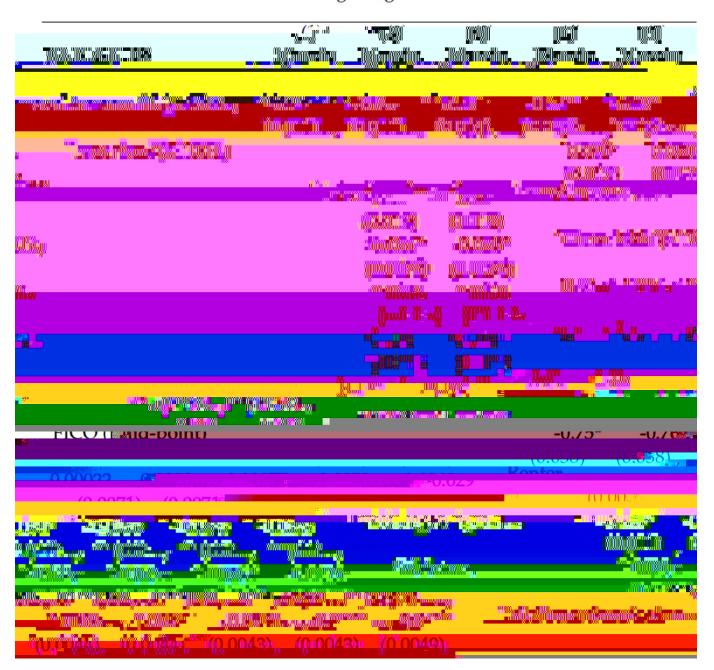
# How I Learned to Stop Worrying and Like the Paper

Credit risk is central to mortgage pricing and competition

But this paper talks about Canada!

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Table 6: Margin regression results



## Things the Paper Might Address



- Is credit risk really not important?
- Is this really a "differentiated product"?
  - Why is branch network important to mortgages?
- What determines switching costs?
- Main takeaway: This is a carefully done and very promising paper

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