

Whether and Where to Apply: Information and Discrimination in Matching with Priority Scores

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Abstract

This paper considers a matching market where agents have imperfect information on their priority scores and must choose an object to which they apply. The analysis derives the Bayes-Nash equilibria, computes welfare ex-ante and interim, and discusses implications for market design. Three main findings emerge. One, there is no symmetric equilibrium in pure strategies. Second, the symmetric equilibrium exhibits a block structure: agents sort into a finite number of classes of neighboring scores where they use the same application strategy. Third, the inefficiencies proceeding from the frictional market design prove interim asymmetric: low-score agents are better off under private information than under public information. In total, private information qualifies the discriminatory power of the priority system.