

Structure of the Solution of the Model

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Solution of the model Consists of 6 variables determined by 6 independent conditions.

Variables	Name	Condition	Interpretation
1. p	price of services	$p = p^m(x)$	Price norm
2. m	money holdings	$m = \mu$	Budget constraints
3. y	output / sales	$y = y^d(x, p)$	Utility maximization
4. c	consumption of services	$c = \frac{y}{1 + \tau(x)}$	Matching cost
5. v	credits to shops	$v = \frac{y}{q(x)}$ $\Leftrightarrow y = v \times q(x)$ $\Leftrightarrow q(x) = \frac{m(v, k)}{v}$ $\Leftrightarrow y = m(v, k)$	Matching function
6. α	market tightness	$\alpha = v/k$	Definition of tightness