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Nota di contenuto	<p>Contents; I. Introduction; II. The Choice of AFORE in Mexico; A. Inelasticity of Demand and Switching among Fund Managers; Figures; 1. Switches; 2. Turnover Ratio for Mexico and Chile; Tables; 1. Regression Analysis 1; 2. Regression Analysis 2; 3. Switches In 2006; 4. Gain or Loss after Switching Workers' Estimated Balance at the Age of Retirement; 5. Gain or Loss after Switching Workers' Estimated Balance after a Five-Year Period; 6. Loss from not Switching to the to the "Optimal" AFORE Workers' Estimated Balance at the Age of Retirement 7. Loss from not Switching to the "Optimal" AFORE Workers' Estimated Balance after a Five-Year Period B. The Effectiveness of an Increase in Supply; 3. Gain/Loss in Balances for Hypothetical Cases of Workers that began accruing; 4. Winners and Losers Due to Decreases in Fees; 5. Changes in Balances Due to Decreases in Fees; III. Consumer's "Confusion" and "Noise"; A. Theoretical Framework; B. Statistical Analysis of Possible "Noise" Distributions</p> <p>8. "Noise Distribution" Percentage Loss in Pension Balances at Retirement Age Due to "Sub-Optimal" Choice of AFORE Fitted by the Normal and Weibull Distributions.9. "Noise Distribution" Percentage Loss in Pension Balances After A Five-year Period Due to "Sub-Optimal" Choice of AFORE Fitted By The Normal and Weibull Distributions; C. Mark-up Estimation in the AFORE Industry; 6. Mark-up According to the Number of AFOREs; IV. Empirical Study; A. Measurement of "Noise" and Consumer "Confusion"; B. Econometric Framework to Measure "Confusion's " Relative Importance; C. Empirical Results</p> <p>V. Concluding Remarks Annexes; I. The Model; II. Questionnaires; References</p>
Sommario/riassunto	<p>This paper was prepared for the World Bank 4th Annual Contractual Savings Conference (Washington DC, April 2008) co-organized by Gregorio Impavido (gimpavido@imf.org). The article shows that account transfers among pension administrators in Mexico barely respond to price or return considerations and in general has not improved the consumer's pension balance. Instead of strengthening competition through lower fees and higher returns for the consumer, AFORE switching has so far undermined the system and resulted in the destruction of value. Moreover, "noisy" evaluations of the product by the consumer tend to undermine the power of competition. Thus, an increased number of pension fund managers has not provided a more competitive environment. The theoretical framework allows for the estimation of "noise" and mark-ups in the AFORE industry. As the number of AFOREs increases, the mark-up diminishes at a very slow rate. This implies that more participants in the industry will hardly affect prices.</p>