

GIANLUCA LANDI

BETTING EXCHANGE

The Sports Trading Revolution

In collaboration with Leonardo Gioacchini

Preface by Massimiliano Bancora

www.bettingexchange.net



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This book has been translated from the Italian version of “Betting Exchange: La Rivoluzione del Trading Sportivo” by Gianluca Landi. Some images taken from the Betfair site are in Italian and cannot be translated or otherwise changed as this would distort the layout of the book. We apologize for this minor inconvenience.

Chapter 1: THE BETTING EXCHANGE

The Betting Exchange is the exciting new opportunity that will change your way of thinking and approaching the world of betting and financial trading, as has happened back in 2008 to me.

Realising that it was possible to trade on football matches and no longer on impassive charts of a share or a future, without knowing who or what would influence it, was so strange to begin with. Everything is more simple and intuitive, since the odds move and fluctuate depending on dangerous plays, a perfect shot or a player's mistake, giving you not only a fair profit but also a thrill. Everyone can feel involved and understand how the system functions and it will actually change the way you watch a football or tennis match. Your favourite sport could become a source of income if you understand the new system and the proposed methodology. Those who have a financial background and are already familiar with a Ladder (vertical book), will certainly find themselves at an advantage with regards to the price dynamics, but they will have to come to grips with the new concepts of lay and green up. The Betting Exchange is in fact an online financial platform based on the odds of a sporting event, exchanged solely between the users who have joined, by registering online, this circuit.

The users, who can be individuals, companies, bookmakers, investment funds, etc., can place their back and lay bets within the system where, according to the law of supply and demand, the fair value of the odd is de-

terminated, in this case by the market, and not only by the booking and the discretion of the bookmaker.

In the betting exchange you can trade on any type of sporting, political and culture event that takes place anywhere in the world: the platform never stops, running continuously 24 hours 24, 365 days a year.

The global financial markets have clearly defined counter trading hours and you cannot always trade, unless have an unlimited number of accounts to cover all the world markets.

The famous phrase used on Wall Street, "money never sleeps", seems to have almost been deliberately coined for this sector because in this new and extraordinary market you always have the opportunity to earn money!

The birth

The Betting Exchange, from a technical and administrative point of view, is organised in the same way as a traditional financial exchange. It has its origins in 2000 when two friends, with backgrounds that were, until then, considered to be very different and distinct, founded Betfair. The company became the symbol and driving force of the new way of understanding and conceiving the "betting world" and this has unhinged the "bookmaker centric system".

In truth, a very similar system to that proposed by Betfair, but structured differently, had been previously invented by the British company Flutter (www.flutter.com), based on the person-to-person (P2P) concept. In this platform, the customer added his betting system

with all its distinctive features (sporting event, stake, odd value, etc.), and another customer, if he agreed with the terms proposed by the first party, accepted the proposal, which was then completed electronically.

Betfair has gone beyond this concept by automatically transferring all bets to a book where, for each market, you can instantly see the proposed odd, the stake, and the previously traded volume.

Back proposals and lay bets are displayed in a book like the one visible in the image below.

Chelsea - Liverpool Abbinato: GBP 48.959 [Aggiorna](#)

☐ Prossimamente in-gara [Punteggi Live](#) [Stat. prestazione](#)

☒ Punta e Banca ☒ Profondità mercato [Altre opzioni](#) ▶

Selezioni: (3)	101%		'Punta'	'Banca'		99.8%
Chelsea	2.18 £2561	2.2 £1941	2.22 £1620	2.24 £120	2.26 £682	2.28 £1276
Liverpool	3.5 £1504	3.55 £1301	3.6 £310	3.65 £540	3.7 £154	3.75 £1733
Pareggio	3.45 £2445	3.5 £3522	3.55 £2249	3.6 £124	3.65 £1946	3.7 £2046

The book refers to the "Match odds" market of an English Premier League match between Chelsea and Liverpool. Under the blue column "Punta" (back) there are the quantities offered in lay to the various users of the platform for each level.

The bettor who plans to back the victory of Chelsea can quickly and immediately see that the first available odd is 2.22, where there is £1620 to be backed, the total amount that others, on the contrary, want to lay. The two opposing demands can be matched by clicking with the left mouse button on the 2.22 odd box that allows you to bet at that odd: this operation is completely electronic and is carried out instantaneously by the system.

In the above example note that in the blue column, for the odd of 6.2, on the laid side there is £1407, ready to be backed. The amount of £1407 is the sum of the orders entered by all the customers at that odd: only the total sum available is visible, and not the number of users that offer it. The same can be said about the odd 6.4 in the pink column, where £3961 is being bet in "back mode" and can be immediately laid by clicking on the odd 6.4.

The books, as they say in financial jargon, have an infinite depth of market as all the back and lay bets entered at any level of odd can be seen, even those far from the current market value. The sport trader can easily see the "pressure" exerted by those who buy and sell the odds, that is, if there are more back or lay proposals within the book and thus have an immediate idea of what may be the trend of market. As a useful indicator to read this trend, the most advanced trading software provides the WOM (Weight of money) data.

On the Betfair website the first 3 back and lay bets are visible, while the specific trading software provides full depth by means of the vertical book called the ladder.

At the top right of the grid is the word "Abbate" (Matched) with the amount £ 191,632: This volume represents the total value matched by all users on the market for the match odds of the Lyon-Juventus game. This amount takes into account all possible outcomes (Lyon win, Juventus win and draw).

We must out that Betfair considers 2 times the amount matched: so if a user backs a certain odd with £10, crossing another user who lays the same odd, the total

volume traded on Betfair will be £20. In financial markets the exchanged volume would be half, in this case £10.

How to place a back or lay bet

If you place a "back" bet, you bet that the event will occur, while with a "lay" bet, you bet that the event will not occur. To do this you must first have the necessary cash in your account to perform the operation.

We will examine the two types of bets and in particular the lay bet because the stake you want to select must take liability into consideration.

Backing a bet

Backing a bet is very simple and intuitive, as it is the same operation that takes place at any bookmaker or traditional betting agency.

If you want to back £100, you must have at least £100 in your gambling account.

The order form on the Betfair site shows all the information that uniquely identifies a bet: odd, stake and profit.

Once you have filled in the form, click on "place bet" and, after a second display panel opens, you are asked to confirm the bet. This offers greater security of the customer in case of inputting incorrect information. At this point the back is placed on the market pending being matched.

Current odds bets

Back (Bet For)	Odds	Stake [?]	Profit
☒ Russia	1.74	100	£74.00

Liability: £100.00

☒ Confirm bets before placing ☐ Show % Book

Laying a bet

As for laying a bet, the operation is slightly different as the concept of the liability of the lay bet (see Glossary) comes into play.

To enter the "lay" bet you must have the liability amount (what you have to pay if you lose your lay bet) in your gambling account and this changes depending on the value of the odd.

Current odds bets

Lay (Bet Against)	Backer's odds	Backer's stake	☐ Payout ☒ Liability [?]
☒ Russia	5.3	100	£430.00

Liability: £430.00

☒ Confirm bets before placing ☐ Show % Book

In the above example you can see that when laying a bet for Russia at 5.3 for £100, the liability amounts to

£430! You no longer need just the £100 in the account as in the case of backing a bet, but at least £430, i.e. the sum to be paid to those who backed the odd in the case of Russia winning the game.

Following this consideration, it is clear that allaying an odd is more "risky" than backing it, because you can lose more than the value of the stakes themselves. For this reason it is recommended that you never lay at odds of higher than 5.00, with the exception of cases where the lay bet is necessary to close a previously backed bet (sport trading).

The Advantages of the Betting Exchange

The advantages are undoubtedly countless and consistent when compared to traditional betting. The Betting Exchange, since it is structured in a completely different way, has distinctive and unique features that constitute both the strengths and, at the same time, the advantages: the benefits are primarily for direct users and, therefore, it has always been hampered and slowed by the development and expansion of certain markets. The reasons that have been given to explain the delays are laughable, because it is clear that it will have a major impact on corporate profits of the companies operating in the traditional market.

The traditional bookmaker, in the near future, will no longer exist because the same "services", excluding multiple bets, are available within the betting exchange platform, with much better economic conditions.

More culturally advanced and technological people will