

# Betfair for profit

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Betfair the betting exchange is now an established way to bet on popular sports.

**“Betfair turned the betting world upside down”**



Traditional bookmakers were up in arms. Humbled by the technological benefits that Betfair brought, including better odds and the option to bet that something will not happen. There are many people out there who have enjoyed betting at betting shops. Then the bookmakers went online. Essentially there was no difference between the bookmaker on the high street and using the same bookmaker online. Betfair came onto the scene and introduced a completely new concept. It's not a complicated concept but it was new.

Since Betfair was conceived it has been a massive success. The stock market flotation of Betfair is testament to this. First let's see why Betfair has been so popular.

- Odds on Betfair are more competitive than traditional bookmakers, [up to 20% on average](#)
- The betting exchange model allows people to bet that events will not happen

As with many new things the concept introduced by Betfair caused plenty of controversy surrounding jockeys that raced to lose and football matches that were fixed. The loudest critics were often traditional bookmakers who feared the competition.

## What is Betfair?

The brains behind Betfair.com invented a website that offers odds for sporting events on a market inspired platform. Odds can be bought and sold like goods or services in any other market. Websites like Betfair are known as betting exchanges. Buying a bet is called backing as with normal bookmakers. Selling odds is known as lay betting, which is only possible on betting exchanges.

## Betfair makes betting different

Here's how

- ✓ Odds on Betfair are more competitive than traditional bookmakers, up to 20% on average.
  - Bye bye bookmakers. They have been cut out of the business. Betfair don't care if you win or lose they take a small commission for their services.
  - Bookmakers are not totally redundant. They might have better customer services, and some will accept much larger stakes than can be made on Betfair.
- ✓ The betting exchange model allows people to bet that events will not happen
  - This is known as lay betting.
- ✓ Members can choose the odds they want
  - Place an order in the market for back or lay odds that you want matched. There is no guarantee that the odds will be matched.
- ✓ Betfair odds can be traded for profit
  - Something for advanced users. As the odds move around it is possible to trade in and out of the market for profit.

One minor criticism is that large bets are not always fully matched at the odds requested. There might not be enough money on the other side of the bet willing to match those odds.

## Getting started

### Matched bets

Bets get matched when there is money willing to fill the other side of the transaction. For instance, I fancy Liverpool FC to beat Fulham FC. I place a back bet at odds of 1.44 (Betfair uses decimal odds) and it gets matched immediately, because there are participants willing to pay me money at odds of 1.44 if Liverpool win.

If no one wants to pay me the money at those odds the bet remains unmatched. To get the bet matched I can adjust the odds so that someone is willing to match my bet.

The whole process is managed by the code under the hood of the website. The price point of where bets are matched moves around depending on the laws of supply and demand. Imagine lots of people want to back Liverpool to win. The odds will decrease (producing lower returns

for backers) until demand decreases for back bets and increases for lay bets (that Liverpool won't win).

Bets can be matched in full or in part depending on how much money is in the market. Betfair is by far the most popular betting exchange and delivers the biggest number of members. This ensures there is enough money both backing and laying bets in the market.

## User interface

So what do all the blue and pink boxes mean? For new users the exact details of each aspect of the user interface is not important. This section will describe how to make back and lay bets.

Blue boxes show the odds for backers. Here, shown in the picture on the right 44 pence would be paid for each pound sterling bet on Liverpool to win (or currency equivalent).

		(GBP)	100.7%	Back	Lay	99.3%	
<b>Liverpool</b>		1.42 £3443	1.43 £2649	1.44 £1317	1.45 £2952	1.46 £998	1.47 £100
<b>Fulham</b>		9.6 £25	9.8 £52	10 £70	10.5 £94	11 £243	12 £6
<b>The Draw</b>		4.5 £72	4.6 £79	4.7 £242	4.8 £137	4.9 £91	5 £50

The column of blue boxes closest to the centre shows the best odds available in the market. The number below the odds shows how much money has been matched.

The pink boxes show the odds for lay bets. Again the column closest to the centre shows the best odds and the money that has been matched at those odds.

Below the odds the figure of unmatched bets can indicate the direction in which the odds will move. In the picture above the amount of money matched for Liverpool not to win is larger than the amount matched for Liverpool to win. This can be an indication that the odds need to increase to attract money to back Liverpool.

Placing back or lay bets is easy. Members can click the blue boxes to back the selection or pink boxes to lay the selection. The next steps are self explanatory and there is a very good help section on the website.

## Cash out button

Odds on Betfair tend to move around both before the event and when it is 'in play'. When the

odds move it creates risk free betting opportunities. The 'cash out' button shows the value of a bet in real time.

If the odds reduce after making a back bet members can 'cash out' for a profit. The same is true if the odds increase after making a lay bet: the 'cash out' button can be used to take a profit early. If things don't go to plan it can be used to reduce loses.

It is a great feature and good for new members to get a feel how the value of a bet changes in 'real time' as the odds fluctuate on the exchange.

A major disadvantage of the 'cash out' feature is that it is slow. Professional Betfair users like to be able to enter bets and close bets very quickly with a click of the mouse, which is not possible with the 'cash out' button.

## Advanced Betfair

Betfair is a market based on similar principles to stock markets. Sporting odds move up or down depending on supply and demand. Each market has a different dynamic because there are different numbers of participants and various amounts of money entering the markets.

Betfair betting markets attract large sums of money both backing and laying (the flow of money is known as liquidity). Advanced Betfair techniques need liquidity so that back and lay bets can be filled quickly. If a bet takes longer than a few seconds to fill the odds could move and the advantage would be lost.

Betfair took the decision to let third party software developers make programs that allow users to trade the odds on Betfair. This increased the popularity of Betfair for trading and increased the use of Betfair software. Software allows traders to enter and exit the market quickly, performs automated functions and provides an aid to specific Betfair trading strategies.

What this guide will do is to describe some of the basic trading types using different sports as an example. We will start with trading techniques with the lowest risk and move up to a more advanced trading style. .

## Bonus bagging

Bonus bagging can be used to take free bets or cash-back offers from bookies at very low risk. Money that can be used for more advanced trading later.

**“Spare a small amount of time to this venture, follow these steps, and you will make a TAX FREE profit of over £1000 in the next couple of weeks ”**

Online bookmakers are falling over themselves to attract new customers by offering new

account holders and existing clients promo bets. These instructions will show you how to 'harvest' these bonuses. Most bookies require a bet to be placed before they will give away a free bet. Most will refund losing bets up to a certain level. Let's call these qualifying bets.

Our aim is to get the free bet by losing the smallest amount of money possible. Not to worry if it doesn't make sense it will become clear soon.

**"The key to this system is Betfair. [Join Betfair today and get a free bet](#)."**

**The deal:** make a deposit and Bet365 will give you the same up to £200. To withdraw the funds the deposit and bonus must be wagered through three times within 90 days. [Visit Bet365](#).

TIP: Always check the terms and conditions of the bonus before you start betting at a new bookie and print a copy for your records. This gives you a handy reference sheet and is useful for resolving any disputes.

Assume you deposit £100, you get a free £100, and £200 in total. To withdraw the money you must wager £600 (3x the deposit and bonus).

Step 1. Make a qualifying bet where the odds are similar to those on Betfair. This is normally easiest with short priced favourites. It takes under 60 seconds to compare odds between the bookmaker and those at Betfair.

Manchester city are playing Southampton in their first game of the Premiership 2012/13 season. The odds at the bookmaker are 1.6 and Betfair have lay odds of 1.7.

We want to get though our funds quickly so we're going to bet £100 with the bookmaker on Manchester City to win. To hedge the risk of losing this bet we place a lay bet on Betfair. Next an arbitrage calculator is used to calculate the lay stake required to ensure we get the right balance between back and lay bets.

Personally I think the calculator at [Chromaweb](#) is good because it is simple and free. Under the heading you've already backed and you want to lay, enter the back odds, the £100 stake, and the lay odds available and click 'calculate lay stake'. Ignore the kind message that flashes up, because we're getting free money by doing this.

If Manchester City wins you lose 65.88 with Betfair and win 60 with the bookmaker.

If Manchester City lose you win 94.11 with Betfair and lose 100 with the bookmaker.

Note. The Betfair bonus available to new clients is a matched bet if your first bet loses. If you expect the favourite to win this it more likely that the lay bet will lose. Currently Bet365 is offering a matched bonus. You must wager through your deposit to receive the matched bonus – you don't have to lose the bet to get the bonus. With the example above if the favourite loses you get a refund bonus from Betfair and matched deposit bonus from Bet365.

The total result if Man City win

-5.88 from the back bet at Bet365 and lay bet on Betfair

25 free matched bet from betfair because the lay bet lost

100 free matched deposit from Bet365

Total value is 119.12, tax free!

Repeat this process until the bonus withdrawal requirements of the bookmaker have been satisfied. Ensure that the odds are as close as possible. This should only take 3 to 6 bets at most (depending on the amount you wish to wager).

Repeat the process with each bookmaker that has the correct type of sign up bonus. If the bonus is a refund bonus, which means the bonus is given only if the bet loses, back the underdog at the bookmaker. The best matches are those with the closest odds.

Repeat the process whenever a bookmaker offers you a promotion for existing customers.

By looking a bit harder it is possible to find back odds that are longer than the lay odds. Each trade will now produce a small profit instead of a small loss.

Here are the top tips for using this system before you start.

- Open a [Betfair](#) account and deposit at least £100 to cover the liability on your lay bets.
- If you have the funds in the bank we recommend using a debit card to deposit to the bookies in order to avoid bank charges.
- Select the bonus you wish to take advantage of. Check the terms of the bonus and print them out for easy reference.
- Ensure that your qualifying bet is fully matched at Betfair before making a back bet. Aim to select back and lay odds that are close to each other.
- Your qualifying and free bets can be placed on any event where you can back an outcome at the bookie and lay the exact same outcome at Betfair. We prefer to stick to events where there is plenty of money in the market. This ensures all lay bets will be matched. Think well known football leagues, internationals and UK horse racing. Check the rules if the event is abandoned.
- Make the biggest profit from your free bets by selecting back odds of 4.00 or greater and lay odds of no more than one unit greater than the back odds.
- Take advantage of all the free bets available. The smaller free bets usually have much simpler terms for the qualifying bet and can be harvested in minutes.

- Many of these bonuses are 'partner friendly' so once you have taken advantage of them in your name you can start again with a partners or friends details (with their permission of course!). You will need a separate email address and debit card and ideally you should use a different computer and reboot your wireless router (if you have one).

This is an easy system to make money using betfair. Bookmakers continuously offer free bet promotions to existing customer especially when there is a big sporting event. Online casinos do something similar. After doing this ourselves we realised that it take a long time to check all the terms and conditions of the betting offers and get everythings set up just right. We reviewed a service which does all the hard work for you saving time to go and enjoy the mony you've taken from the bookmakers.

[Check the profit accumulator review for more information about this service](#)

(recommended – we also receive a small commission from the service provider).

## **Betfair bookmaker arbitrage**

Arbitrage trading takes advantage of inconsistencies between bookmaker odds and odds on Betfair. Back odds at any online bookmaker and the same selection is backed not to win (or laid) on Betfair. When the odds align in the desired way it produces a risk free profit no matter how the event turns out.

The back odds (with the normal bookmaker) must be higher than the Betfair lay odds. Bookmakers make these mistakes, where the odds are higher than the lay odds, regularly. The skill is to seek them out when they occur.

## **Trading techniques**

Simply put, trading odds on Betfair involves making back and lay bets on the same selection. For instance, on the same horse or draw odds on a football game, or win odds for tennis players.

To generate a profitable trade the trader places a back bet followed by a lay bet at lower odds, or, a lay bet and a back bet at higher odds. Always back high and lay low.

After the initial bet has been placed the second bet, which is the one that completes the trade, must be made with exactly the right stake amount to produce a profit. Trading software has automated this process making it easy. Traders can close a trade for a profit with one click of the mouse.

Trading can be done over short time scales or longer time scales. Over short periods it is known as scalping. Scalp trades only last a few seconds. Swing trades are carried out over longer periods. Swing trading is more commonly used by traders.

### ***An example of a swing trade***

We're going to use world cup football as an example. England played Wales. Draw odds on



Betfair in the first few minutes of the game where between 7 and 8 (decimal odds – used on Betfair). The draw was laid at odds of 6.8 (or backed that the draw will not occur). England scored later which increased the draw odds to 16. A back bet with the appropriate stake was made producing a risk free profit.

This blog post describes a swing trade. Take a look and come back here in order to finish this section.

### An example of a swing trade.

Predicting which direction the market will move with confidence is the key to swing trading. Traders aim to make more winning trades than losing trades by tipping the balance of probabilities in their favour by using tried and tested trading techniques.

Each sport has different idiosyncrasies which cause the odds to move in specific ways for certain events. Of which there are many for tennis, football, basketball and cricket. They work by allowing the trader to make high confidence predictions as to what may happen during the event. It is beyond the scope of this guide to teach specific Betfair trading techniques for every sport, but, we have mentioned two strategies that are successful below.

Both techniques rely heavily on making high confidence match predictions to reduce the number of losing trades. It is a fact of life that there will always be losing trades. Traders need to tip the balance of probabilities in order to make more winning trades than losing ones. Match selection involves using statistics to make match predictions.

## **Trading the draw**

Betfair has a market for the draw result for football matches. If either team scores a goal the draw odds move significantly making a profit opportunity. Choose a game that is highly likely to have a team that will score and chances are you will get a profitable trade. Lay the draw during the opening 10 – 20 minutes of the match (only if neither team has scored). Wait for a goal and watch the draw odds increase. Place a corresponding back bet to guarantee a profit. It's that simple. A link has been provided later for readers directing them to software which makes trading possible in one click.

Next let's look at how to choose the right match. Stats can be a great way to make predictions for a match. Remember we only need to predict that there will be a winner or at least that one team will score a goal. Preferably it needs to be the favourite to score a goal first because it causes the odds to swing to a greater extent, which makes the trade more profitable. If the underdog scores the odds do not move that much.

We have reviewed this technique on our blog and suggest you head over to [this page](#) to get the basics of a trade, and see examples of how to get the best results.

## **Trading the draw, strategy number two**

That's right. It's trading the draw again, but, slightly differently this time. Instead of laying the

draw during the first 10 – 20 minutes it involves backing the draw in the first two minutes. As neither team scores a goal the draw odds decrease creating a profitable trading opportunity. To reduce the risk of losing money traders must exit the trade quickly often within a few minutes. This strategy produces regular profits that build up over time and is relatively safe for trading capital. It works best with larger sums of money because profits will be larger.

## Scalping on Betfair

Scalping is trading over small time scales usually of just a few seconds. Odds on some markets such as UK horse racing move around a lot before the race starts. Scalp traders make lots of quick trades in order to secure lots of small profits.

Visit [this webpage](#) to learn about scalping on Betfair.

As you can see Betfair holds a wealth of opportunities for curious people. There is a range of techniques for using Betfair, which vary in risk. Successful members of Betfair use a mixture of strategies and techniques to make consistent profits and sizable income. Use this guide as a reference and come back to get directions for using each technique. If you have limited funds to start trading on Betfair: readers may want to try bonus bagging first, because it is a limited risk way of building a sizable betting bank from a small starting position.

## Trading psychology

Books have been written about trading psychology, but, for the sake of simplicity this section will be short and sharp.

Keep trading simple. Use simple techniques that can be repeated over and over again. Don't deviate from what works just repeat. Simple.

Learn to trade with no emotion. So what if a few trades lose money? It is money you can afford to lose after all. Do not fear losses. It is a natural part of the process.

Do not get greedy when making profitable trades. Greed can lead traders to leave trades open for too long in hope of gaining more profit. Greed can cause traders to trade too much in the hunt for profits. Selecting the best events to trade is the most important thing. If there is only 3 a week so be it.

Use a stop loss system to dictate when to exit a trade. A stop loss helps to remove all emotion from the decision to exit a trade. Reducing losses ensures that profits from winning trades will outweigh losing trades.

That's it, simple.

## Further reading

1. Our blog is a good place to get details of trades that [have been made before](#).