

Chapter 3

Betting Exchanges



What is a betting exchange?

Remember when I was super vague in the first chapter about the “different website” that we use to bet on England NOT to win? That different website is an exchange.

Two platforms are used when matched betting:

One is the traditional online bookmaker, such as **Coral**.

The other is an online betting exchange, such as **Betfair**.

With a bookmaker, we can place, for example, a £5 bet on England to win a football game. If England don't win, then the bookmaker keeps our £5 bet and we're £5 down.

However if England do win, they must give our £5 stake back plus winnings. Say the odds were 3.0, then we would get £10 of winnings (not to be confused with return) from a £5 bet.

This is called our “**back**” bet. Backing a team is betting that they WILL win.

A betting exchange on the other hand is a marketplace for the public to bet between each other (hence the two arrows in the logo!).

This is different to the bookmaker as you can take bets from others effectively becoming the bookmaker.



So on an exchange, we can now TAKE a £5 bet from a fellow exchange user on England to win. If England don't win, **we keep their £5** as shown above.



If England do win, then just like a bookmaker would, we give them back their £5 and **pay them £10 in winnings** as shown above.

This is called our “**Lay**” bet. Laying a team, is betting that they will NOT win, or in other words, that they will draw or lose.

That was a lot of info so don't worry if you feel a bit lost! I promise everything will click soon.

So how does backing and laying cover all outcomes?

Let's look at the same example using a table:

	BACK BET	LAY BET	TOTAL
 WIN	+ £10	- £10	£0
 DRAW	- £5	+ £5	£0
 WIN	- £5	+ £5	£0

Let's say England are playing Brazil.

	BACK BET	LAY BET	TOTAL
 WIN	+ £10	- £10	£0

If England win, we win £10 from our **back** bet, but lose our **lay** bet, having to pay out £10 in winnings.

	BACK BET	LAY BET	TOTAL
 DRAW	- £5	+ £5	£0
 WIN	- £5	+ £5	£0

If the match is a draw or Brazil win, we lose our **back** bet as and the bookmaker keeps our £5 bet, but we win our **lay** bet, keeping the Exchange user's £5 bet.

Which means no matter the outcome, no money is lost *or* won from the initial £5 bet. But hey presto! Our **back** bet has triggered the £20 free bet which is where we make our money!

Now let's take a look at the most popular betting exchange, Betfair.com.

The image below shows the odds on Betfair for the match result between England and Brazil. If you're unfamiliar with odds, make sure you've read our betting basics chapter!

The screenshot shows the Betfair interface for the match 'England v Brazil' on Saturday, 22 Dec, at 14:00. It includes options for 'Live Stream', 'Head to Head', and 'Multip'. The 'Match Odds' section shows 'Going In-Play' selected, 'Cash Out' available, and 'Rules' accessible. The match has '3 selections' and is worth 'Matched: GBP 1,136'. The odds table is as follows:

			Back all	Lay all		
England	2.75 £53	2.9 £43	2.95 £136	3.0 £100	3.6 £47	3.65 £183
Brazil	2.36 £64	2.38 £42	2.4 £91	2.62 £30	2.64 £66	2.76 £68
The Draw	2.96 £60	3 £69	3.15 £96	3.6 £72	3.8 £21	3.95 £52

The pink boxes show the odds to **lay**, so we only ever use these when on Betfair. The pink box showing 3.0 shows the odds for England not to win.

Once you've clicked this box, a separate box will appear on the right or below depending which page you're on. This box (pictured below) allows you to enter your **lay** stake.

Win Only Market

Current odds bets

Lay (Bet Against)	Backer's odds	Backer's stake	<input type="radio"/> Payout <input checked="" type="radio"/> Liability [?]
✕ England	3	5	£10.00

Liability: £10.00

Cancel all selections

Place bets

Confirm bets before placing Show % Book

We've circled the Liability, this is how much you're set to lose from the exchange if your **lay** bet loses, but don't worry, it will always match what you are set to win from the bookmaker **back** bet.

We'll cover this in the next chapter. I'd just like to say at this point, **well done for getting this far!** Many people's brains would have exploded by the end of chapter 1!