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a beginners guide. Odds, risks and strategies explained in an easy to follow article.

The definition of Gambling is the wagering of money or something with material value on an event with an uncertain outcome, the primary intent being the winning of additional money and/or material goods.

Gambling variables

There are three major variables found in common with all forms of gambling:

- How much is being bet, the initial stake (in money or material goods).
- How predictable is the outcome of an event
 - In mechanical or electronic gambling such as lotteries, slot machines and bingo, the results are random and unpredictable; no amount of skill or knowledge (assuming machinery is functioning as intended) can give an advantage in predictability to anyone.
 - However, for sports events such as horse racing and soccer matches there is some predictability to the outcome; thus a person with greater knowledge and/or skill will have an advantage over others.
- The odds agreed between the two (or more) parties to the wager; where there is a house or a bookmaker, the odds are (quite legally) arranged in favor of the house.

The expected value, positive or negative, is a mathematical calculation using these three variables. The amount wagered determines the scale of an individual wager (bet); the odds and the amount wagered determine the payout if successful; the predictability determines the frequency of success. Finally the frequency of success times the payout minus the amount wagered equals the *"expected value"* The skill of a gambler lies in understanding and maneuvering the three variables so that the *"actual value"* is positive over a series of wagers.

Fixed-odds gambling

Fixed-odds gambling and Parimutuel betting frequently occur at many types of sporting events, and political elections. In addition many bookmakers offer fixed odds on a number of non-sports related outcomes, for example the direction and extent of movement of various financial indices, the winner of television competitions such as *Big Brother*, and election results. Interactive prediction markets also offer trading on these outcomes, with "shares" of results trading on an open market.

Parimutuel betting

One of the most widespread forms of gambling involves betting on horse or greyhound racing. Wagering may take place through parimutuel pools, or bookmakers may take bets personally. Parimutuel wagers pay off at prices determined by support in the wagering pools, while bookmakers pay off either at the odds offered at the time of accepting the bet; or at the median odds offered by track bookmakers at the time the race started.

Sports betting

Betting on team sports has become an important service industry in many countries. For example, millions of Britons play the football pools every week.

Arbitrage betting

Arbitrage betting is a theoretically risk-free betting system in which every outcome of an event is bet upon so that a known profit will be made by the bettor upon completion of the event, regardless of the outcome. Arbitrage betting is a combination of the ancient art of arbitrage trading and gambling, which has been made possible by the large numbers of bookmakers in the marketplace, creating occasional opportunities for arbitrage.

Other types of betting

One can also bet with another person that a statement is true or false, or that a specified event will happen (a "back bet") or will not happen (a "lay bet") within a specified time. This occurs in particular when two people have opposing but strongly-held views on truth or events. Not only do the parties hope to gain from the bet, they place the bet also to demonstrate their certainty about the issue. Some means of determining the issue at stake must exist. Sometimes the amount bet remains nominal, demonstrating the outcome as one of principle rather than of financial importance.

Betting exchanges allow consumers to both back and lay at odds of their choice. Similar in some ways to a stock exchange, a bettor may want to back a horse (hoping it will win) or lay a horse (hoping it will lose, effectively acting as bookmaker)

Staking systems and betting strategies.

Many betting systems have been created in an attempt to "beat the bookie" but most still accept that no system can make an unprofitable bet profitable over time. Widely-used systems include:

- Fixed stakes – a traditional system of staking the same amount on each selection.
- Fixed profits – the stakes vary based on the odds to ensure the same profit from each winning selection.
- Due-column betting – A variation on fixed profits betting in which the bettor sets a target profit and then calculates a bet size that will make this profit, adding any losses to the target.
- Card counting - Many systems exist for [Blackjack](#) to keep track of the ratio of ten values to all others; when this ratio is high the player has an advantage and should

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- increase the amount of their bets. Keeping track of cards dealt confers an advantage in other games as well.
- Pot odds vs. true odds - In [poker](#), the ratio of the size of the current pot to the bet a player is considering is called "pot odds", which can be compared to the "true odds" of a player completing a winning hand from the cards remaining to be dealt to determine whether to make the bet.
 - Kelly – the optimum level to bet to maximize your future median bank level.

Martingale – A system based on staking enough each time to recover losses