

Are there Free Lunches in the European Football Betting Market ?

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There exists an ongoing saga about the ability of uniformed sports bettors to accomplish profits in excess of those justified under efficient betting markets. A variety of sources such as web sites, popular books, newspapers, magazines, data vendors and other information brokers, argue that profits can be made by employing straightforward betting rules that are not based solely on what equity analysts would call “fundamentals”. A number of these sources advertise that under certain circumstances – in which they invariably offer “tip-off” services, eg., mobile text messaging – even arbitrage is possible. The widespread availability of betting data online across a variety of markets and betting houses along with cheap computing, has created a new class of active “quant” bettors, a role that was traditionally limited to academics and in-house researchers. The aim of this paper is to investigate the existence of arbitrage opportunities in the European football betting market. Moreover, it is to see if simple betting rules can systematically produce risk-adjusted profits in the long-run. We use a propitiatory database consisting of 56,000 football bet odds and results between 11/2000 to 6/2004, as these were advertised by 6 major betting houses. Consistent with the literature we find no evidence against betting market efficiency.