Innovation > Publishing & Media > Trading shares in upcoming US political events

TRADING SHARES IN UPCOMING US POLITICAL EVENTS

PUBLISHING & MEDIA

PredictIt is a real money prediction market that enables confident citizens to buy and sell shares regarding the outcome of political affairs.

During this election year, everyone has an opinion of what is going happen at every stage of the race. Now, PredictIt is a real-money political prediction market that enables confident citizens to put their money where their mouth is and buy shares in political and economic events.

To begin, traders browse the markets and select an event that they feel informed about. All events are phrased as a question with two possible results. For example, 'Who will win the 2016 Democratic presidential nomination?' has Clinton or Sanders as the two possible bets. The user then buys shares for or against the event at the given rate, which is determined by the predictions of the rest of the user base. Each outcome has a probability between 1 and 99 percent, which PredictIt converts into US cents.

The rates fluctuate according to the predictions of the crowd, so shares in a Clinton victory are currently significantly more expensive than a Sanders victory, because the crowd believes it is more likely. Users can then sell their shares at any point up until the event. Finally, once the results are in, shares in the winning outcome are worth USD 1 each, while shares in the losing outcome are worth zero. PredictIt takes a 10 percent cut of every share sold at a profit.

PredictIt, which is a project from Victoria University in Wellington, isn't just covering the US elections — users can also buy shares in world events, such as the Brexit referendum. Are there other popular news and entertainment areas that could be gamified?

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