

## MEDIA RELEASE



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## New online market enables Kiwis to trade on the future

**Who's going to be the next Prime Minister – Helen or John? Will the price of petrol be \$3 a litre by Christmas? Will Winston be sacked?**

These are some of the questions Kiwis may find themselves backing their opinions on with iPredict –

[www.ipredict.co.nz](http://www.ipredict.co.nz) – New Zealand's first real money online prediction market, which launches on Tuesday 9 September.

The online marketplace enables users to trade on their predictions on a broad range of future political and business events that pay real money if their prediction comes true.

Established as a research tool by Victoria University of Wellington and think tank ISCR, iPredict harnesses the wisdom of crowds via the Internet to predict future outcomes and has a strong focus on helping companies, government agencies and academics with research.

“iPredict is easy to use and fun but it has a serious side to it – it can really help make a difference to companies, agencies or community organisations in testing ideas and their likely take-up,” says Matt Burgess, Chief Executive of iPredict.

“Past prediction markets were pointed at election results but nowadays international companies and government agencies use them for a host of reasons, from testing sales forecasts and the success of new products to testing government programmes like the take-up of flu vaccinations,” Mr Burgess says.

"One New Zealand company has told us they think of their prediction market as a secret weapon. Their prediction market has halved their average forecasting error in six months. That translates directly to a competitive advantage."

Mr Burgess says that iPredict is like a simple stock exchange, trading real money.

"How it works is that contracts pay \$1 if an event comes true – nothing otherwise – and the price these contracts trade for is the prediction. For example, you could have a contract that pays \$1 if Helen Clark is the next Prime Minister, and pays nothing otherwise. If that contract trades for 60 cents, then the market's prediction is a 60% probability that Helen Clark will stay on as Prime Minister.

Mr Burgess says that prediction markets are the gold standard for forecasting.

"Traders on prediction markets combine information from polls, expert commentary and any other source to produce a prediction that is more accurate than any available alternative," Mr Burgess says.

"Prediction markets work because they ask traders to put their money where their mouths are, so it pays to be honest, objective, and even do a little homework."

iPredict's Chairman and Victoria University's Deputy Vice Chancellor – Research, Professor Neil Quigley, says iPredict will be a powerful research tool for companies, government departments and academics. "International research into predictive markets has proven that the moment a person backs their opinion with real money, the accuracy of the overall predictions increases dramatically," Professor Quigley says.

Anybody can browse iPredict and see the predictions for free by going to [www.iPredict.co.nz](http://www.iPredict.co.nz) but traders have to be 18 years and older to set up an account. Accounts are free to set up and people can start trading with as little as \$5.

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(507 words)

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**For further information or to gain preview access to the website:**

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