Wagers.bet: A Decentralized, User-Generated Prediction Market Protocol

Whitepaper
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wagers.bet

Abstract

Wagers.bet introduces a revolutionary approach to prediction markets by combining complete decentralization with permissionless market creation. Unlike existing platforms that rely on centralized curation, Wagers.bet empowers any user to create prediction markets on any topic, fostering organic growth through aligned incentives. This whitepaper explores how our dual-token mechanism, automated market making, and self-promotional dynamics create a superior prediction market ecosystem that can generate speculation and price discovery across any industry or event.

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1. Introduction

1.1 The Information Problem

In an increasingly complex world, accurate forecasting has become critical for decision-making across all sectors. Traditional polling, expert opinions, and analytical models often fail to capture the nuanced, real-time sentiment of informed participants. Prediction markets solve this by creating financial incentives for accurate information aggregation.

1.2 The Access Problem

Current prediction markets suffer from two critical limitations:

- **Centralized Gatekeeping:** Platforms decide which markets to create
- **Limited Coverage:** Many niche but valuable predictions go unmade

Wagers.bet solves both problems by enabling permissionless market creation on any topic, from global elections to local weather patterns, from product launches to scientific discoveries.

1.3 Our Solution

Wagers.bet is a fully decentralized prediction market protocol built on Solana that allows anyone to:

- Create markets on any binary outcome

- Trade positions through an automated order book

- Benefit from accurate predictions

- Earn from market creation and liquidity provision

2. The Evolution of Prediction Markets

2.1 First Generation: Centralized Platforms

Examples: Intrade, PredictIt
Characteristics:

- Regulatory compliance focus

- Limited market selection

- Geographic restrictions

- Centralized resolution

2.2 Second Generation: Blockchain-Based

Examples: Augur, Gnosis
Characteristics:

- Decentralized resolution

- High gas costs

- Complex user experience

- Slow transaction times

2.3 Third Generation: Hybrid Models

Examples: Polymarket
Characteristics:

- Centralized curation, decentralized settlement
- Improved UX
- USDC-based trading
- Still limited market creation

2.4 Fourth Generation: Wagers.bet

Characteristics:

- Fully permissionless market creation
- Sub-second settlement on Solana
- Self-promotional incentive structure
- Minimal fees (<$0.01 per transaction)
- Organic market discovery

3. Market Comparison: Polymarket vs Wagers.bet

3.1 Polymarket Analysis

Strengths:

- **Market Curation:** High-quality, relevant markets
- **Liquidity Concentration:** Deep liquidity on major events
- **User Experience:** Simplified interface
- **Track Record:** $3.2B+ in trading volume (as of 2024)
- **Trust:** Established brand and user base

Limitations:

- **Centralized Market Creation:** Team decides what markets exist
- **Censorship Risk:** Can delist markets under pressure
- **Limited Coverage:** Misses niche/local/specialized markets
- **No Creator Incentives:** No direct benefit for suggesting markets
- **Geographic Restrictions:** Blocked in certain jurisdictions

3.2 Wagers.bet Advantages

Permissionless Innovation:

- Any user can create any market

- No approval process or gatekeepers
- Covers unlimited range of topics
- Resistant to censorship

Aligned Incentives:

- Market creators earn deployment fees
- Natural promotion by creators
- Liquidity providers earn from spreads
- Platform grows organically

Superior Economics:

- Lower fees (0.5% vs 2%)
- Faster settlement (Solana vs Polygon)
- No minimum market size
- Creator-funded liquidity

3.3 Comparative Matrix

Feature	Polymarket	Wagers.bet
Market Creation	Centralized Team	Any User
Approval Required	Yes	No
Creation Cost	N/A (team only)	1 SOL
Trading Fees	2%	0.5%
Settlement Speed	Minutes	Seconds
Blockchain	Polygon	Solana
Currency	USDC	SOL
Initial Liquidity	Team Provided	Creator Provided
Censorship Resistance	Low	High
Geographic Restrictions	Yes	No
Market Coverage	Limited	Unlimited
Creator Incentives	None	Direct

4. Technical Architecture

4.1 Core Components

Smart Contracts:

1. **Platform Contract:** Global parameters and fee management
2. **Wager Contract:** Individual market logic
3. **Order Book Contract:** Decentralized order matching
4. **Token Contracts:** YES/NO SPL tokens

Key Innovations:

- Atomic deposit-and-trade operations

- Partial order filling

- Automated market making fallback

- Cross-program invocation efficiency

4.2 Dual-Token Mechanism

Each market creates two tokens:

- **YES Token:** Redeems for 1 SOL if proposition is true
- **NO Token:** Redeems for 1 SOL if proposition is false

This design ensures:

- Prices naturally sum to ~1 SOL

- No external price oracles needed

- Clear payout structure

- Balanced liquidity

4.3 Order Matching Engine

Our on-chain order book provides:

- Price-time priority matching

- Partial fill support

- Maker/taker distinction

- Gas-efficient execution

- Front-running protection

4.4 Resolution Mechanism

Current implementation uses platform authority for resolution, with plans for:

- Decentralized oracle integration
- Dispute resolution system
- Multi-sig governance
- Automated resolution for objective events

5. Economic Model

5.1 Fee Structure

Platform Fees:

- Market Creation: 1 SOL (one-time)
- Trading Fee: 0.5% (per trade)
- No deposit/withdrawal fees
- No maintenance fees

Fee Distribution:

- 50% to platform treasury
- 30% to liquidity providers
- 20% to market creators (planned)

5.2 Token Economics

- **Minting Rate:** 100 tokens per SOL
- **Redemption Rate:** 0.01 SOL per winning token
- **Market Dynamics:**
  - Efficient pricing through arbitrage
  - Natural bounds (0-1 SOL per token)
  - Self-balancing through mint/burn

5.3 Liquidity Incentives

For Market Creators:

- Initial 100 YES + 100 NO tokens
- Ability to set initial prices
- First-mover advantage in trading

For Traders:

- Tight spreads from competition
- Deep liquidity on popular markets
- Arbitrage opportunities

6. Industry Applications

6.1 Financial Markets

- **Earnings Predictions:** "Will Company X beat Q4 estimates?"
- **M&A Activity:** "Will the merger be approved by DATE?"
- **IPO Performance:** "Will Stock Y close above issue price?"
- **Crypto Prices:** "Will Bitcoin exceed $100k by December?"

Value Proposition: Aggregate insider knowledge and expert analysis into tradeable probabilities.

6.2 Politics and Governance

- **Elections:** From presidential races to local councilors
- **Policy Outcomes:** "Will Bill X pass the Senate?"
- **Regulatory Decisions:** "Will the SEC approve the ETF?"
- **International Relations:** "Will Country A join Treaty B?"

Value Proposition: More accurate than polls, real-time sentiment tracking.

6.3 Technology and Innovation

- **Product Launches:** "Will Apple release a car by 2026?"
- **Technical Milestones:** "Will AGI be achieved by 2030?"
- **Adoption Metrics:** "Will App X reach 1M users?"
- **Standards Wars:** "Will Format A become the industry standard?"

Value Proposition: Crowdsourced technology assessment and timeline prediction.

6.4 Science and Research

- **Clinical Trials:** "Will Drug X receive FDA approval?"
- **Scientific Discoveries:** "Will Room-temperature superconductor be confirmed?"
- **Space Exploration:** "Will humans land on Mars by 2035?"
- **Climate Targets:** "Will global warming stay below 1.5°C?"

Value Proposition: Aggregate expert opinion on research outcomes.

6.5 Entertainment and Culture

- **Award Shows:** "Will Movie X win Best Picture?"
- **Sports Events:** "Will Team Y make the playoffs?"
- **Content Performance:** "Will Show Z get renewed?"

- **Cultural Trends:** "Will TikTok be banned in Country A?"

Value Proposition: Monetize fan knowledge and industry insights.

6.6 Local and Niche Markets

- **Local Business:** "Will Restaurant X survive 1 year?"
- **Weather Events:** "Will it rain on Festival Day?"
- **Community Decisions:** "Will the new park be approved?"
- **Personal Milestones:** "Will Creator Y reach 1M subscribers?"

Value Proposition: Enable speculation on hyperlocal events ignored by major platforms.

7. Self-Promotional Mechanics

7.1 Creator Incentives

Market creators are naturally incentivized to promote their markets because:

Direct Benefits:

- Initial token allocation (100 YES + 100 NO)

- First trading advantage

- Potential fee sharing (future feature)

- Reputation building

Indirect Benefits:

- Attention to their cause/question

- Community engagement

- Potential influence on outcomes

- Data gathering opportunity

7.2 Viral Mechanics

Network Effects:

1. Creator shares market with their network

2. Participants have skin in the game

3. Traders promote to move prices

4. Winners share results

5. Observers create similar markets

Social Proof Dynamics:

- Public positions create commitment
- Price movements generate discussion
- Resolution creates vindication/learning
- Success stories inspire new markets

7.3 Marketing Cost Efficiency

Traditional prediction markets spend heavily on:

- User acquisition: $50-200 per active user
- Market research: Identifying relevant topics
- Content creation: Explaining each market
- Paid promotion: Advertising campaigns

Wagers.bet eliminates these costs through:

- User-Generated Markets: Free content creation
- Self-Promotion: Zero CAC for creator-driven users
- Organic Discovery: Network effects drive growth
- Incentive Alignment: Users profit from promotion

7.4 Case Studies

Scenario 1: Influencer Product Launch

- Influencer creates market: "Will my product sell 10k units?"
- Promotes to 100k followers
- Fans buy YES to show support
- Skeptics buy NO for profit
- **Result:** Instant market feedback and promotion

Scenario 2: Local Election

- Candidate creates market on their victory
- Shares with supporters
- Opponents take NO positions
- Local media covers the odds
- **Result:** Increased engagement and fundraising

Scenario 3: Scientific Hypothesis

- Researcher creates market on experimental outcome
- Shares in academic circles

- Peers trade based on expertise
- Journals cite market odds
- **Result:** Crowdsourced peer review

8. Network Effects and Growth

8.1 Direct Network Effects

User-to-User Value:

- More traders = better liquidity
- More markets = more opportunities
- More creators = diverse content
- More resolvers = trusted outcomes

8.2 Indirect Network Effects

Cross-Side Value:

- Creators benefit from traders
- Traders benefit from creators
- Arbitrageurs improve pricing
- Observers become participants

8.3 Data Network Effects

Information Value:

- Historical odds improve predictions
- Outcome data trains models
- User behavior enables personalization
- Aggregate data has commercial value

8.4 Growth Projections

Phase 1 (Months 1-6):

- 100 markets created
- 1,000 active traders

- $100k trading volume
- **Focus:** Crypto natives

Phase 2 (Months 7-12):

- 1,000 markets created
- 10,000 active traders
- $10M trading volume
- **Focus:** Influencer adoption

Phase 3 (Years 2-3):

- 10,000 markets created
- 100,000 active traders
- $1B trading volume
- **Focus:** Mainstream adoption

Phase 4 (Years 4-5):

- 100,000+ markets created
- 1M+ active traders
- $10B+ trading volume
- **Focus:** Global standard

9. Risk Management and Governance

9.1 Technical Risks

Smart Contract Risk:

- **Mitigation:** Professional audits
- **Insurance:** Bug bounty program
- **Recovery:** Upgrade mechanisms

Scalability Risk:

- **Mitigation:** Solana's high throughput
- **Backup:** Layer 2 solutions
- **Future:** Dedicated appchain

9.2 Regulatory Risks

Compliance Strategy:

- No custody of user funds
- Decentralized operation
- Community governance
- Geographic flexibility

Defensive Measures:

- Open-source code
- Distributed team
- Multiple frontends
- IPFS hosting

9.3 Market Risks

Manipulation Concerns:

- Large position limits
- Transparent order book
- Slippage protection
- Post-resolution audits

Quality Control:

- Reputation systems
- Community flagging
- Resolution appeals
- Market guidelines

9.4 Governance Evolution

Phase 1: Centralized Launch

- Team controls parameters
- Manual resolution
- Quick iteration

Phase 2: Progressive Decentralization

- Multi-sig control
- Community input

- Parameter votes

Phase 3: Full DAO

- Token governance
- Elected resolvers
- Treasury management
- Protocol upgrades

10. Future Developments

10.1 Technical Roadmap

Q1 2025:

- Mobile application
- Limit order types
- Portfolio analytics
- API marketplace

Q2 2025:

- Options markets
- Conditional tokens
- Cross-chain bridges
- SDK release

Q3 2025:

- AI resolution agents
- Automated market makers
- Yield strategies
- Social features

Q4 2025:

- Derivatives platform
- Index markets
- Basket positions
- Advanced analytics

10.2 Business Development

Partnership Targets:

- Media organizations for content
- Influencers for market creation
- DAOs for governance decisions
- Enterprises for internal prediction

Integration Opportunities:

- Wallet providers
- DeFi protocols
- Social platforms
- Data providers

10.3 Ecosystem Development

Developer Tools:

- Market creation APIs
- Resolution oracles
- Trading bots
- Analytics tools

Community Programs:

- Creator rewards
- Liquidity mining
- Referral system
- Educational content

11. Conclusion

11.1 Paradigm Shift

Wagers.bet represents a fundamental shift in prediction markets from curated, centralized platforms to open, permissionless protocols. By aligning incentives between creators, traders, and the platform, we create a self-sustaining ecosystem that grows organically without traditional marketing costs.

11.2 Competitive Advantages

Our key advantages over competitors like Polymarket include:

- **Permissionless Creation:** Anyone can create any market
- **Self-Promotion:** Natural viral growth mechanics
- **Lower Costs:** 75% lower fees, zero marketing spend
- **Faster Settlement:** Solana's speed advantage
- **Censorship Resistance:** Truly decentralized operation
- **Unlimited Coverage:** From global to hyperlocal events

11.3 Market Opportunity

The total addressable market for prediction markets exceeds $1 trillion when considering:

- Global betting industry: $500B

- Financial derivatives: $600T notional

- Information markets: Immeasurable

By removing barriers to market creation and enabling speculation on any topic, Wagers.bet can capture a significant portion of this market while creating entirely new categories of prediction markets.

11.4 Vision

We envision a world where:

- Every question has a market

- Every opinion has a price

- Every prediction has value

- Every outcome is tradeable

Wagers.bet is not just a prediction market platform—it's a protocol for human knowledge aggregation, a tool for decentralized decision-making, and a foundation for the information economy of the future.

11.5 Call to Action

The success of Wagers.bet depends on its community:

- **For Traders:** Start trading on topics you understand
- **For Creators:** Launch markets on questions that matter
- **For Developers:** Build tools and integrations
- **For Investors:** Support the ecosystem's growth

Together, we can build a more informed, efficient, and profitable way to predict the future.

Appendices

A. Technical Specifications

- **Blockchain:** Solana
- **Program ID:** `TBC`
- **Token Standard:** SPL
- **Order Book:** On-chain
- **Resolution:** 2-of-3 multisig (current)

B. Economic Parameters

- **Creation Fee:** 1 SOL
- **Trading Fee:** 0.5%
- **Token Ratio:** 100:1 (tokens per SOL)
- **Redemption:** 0.01 SOL per token
- **Minimum Order:** 1 token

C. Contact Information

- **Website:** TBC
- **GitHub:** TBC
- **Discord:** TBC
- **Twitter:** TBC

D. Legal Disclaimer