



## **Extracting local information from crowds through betting markets**

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In this research, a set-up is considered in which users can bet against a forecasting agency to challenge their probabilistic forecasts. From an information theory standpoint, a reward structure is considered that either provides the forecasting agency with better information, paying the successful providers of information for their winning bets, or funds excellent forecasting agencies through users that think they know better. Especially for local forecasts, the approach may help to diagnose model biases and to identify local predictive information that can be incorporated in the models. The challenges and opportunities for implementing such a system in practice are also discussed.