

## Abstract

This thesis investigates behavioral biases, specifically the “hot hand” bias, in the Czech sports betting market. Further, it explores two hypotheses: whether the Czech sports betting market efficiently incorporates all relevant information into the odds and the impact of the “hot hand” belief on bettor behavior. The study employs weighted and ordinary least squares estimation, respectively, revealing that while bookmaker’s odds efficiently reflect comprehensive information, confirming market efficiency, bettors display significant “hot hand” bias. More precisely, it leads bettors to disproportionately favor teams on winning streaks, indicating an overreaction to recent team performances and an inefficiency on the part of bettors. Additionally, the thesis evaluates the profitability of betting strategies aimed at exploiting these biases. It does not find such strategies consistently yielding profits, highlighting the complex nature of betting markets and the difficulty of capitalizing on behavioral biases. This research enhances the understanding of behavioral biases in sports betting, illustrating the interaction between bookmaker precision and bettor irrationality within the Czech betting landscape.

**JEL Classification** C31, G14, G17, G41

**Keywords** market efficiency, sports betting, hot hand, behavioral bias

**Title** Hot hand bias in Czech sports betting market