# How to Manage Your Trading Bank



If you're going to be a successful tennis trader, then bank management is critical.

You are going to be working in a market place and that means, of course, buying and selling. Rather than a physical product, you will be buying (backing) and selling (laying) positions in Betfair markets.

Unlike so many others who fail, you must ensure that your bank never spirals into an unstoppable tail spin! If you do not manage your bank and you lose it, you will not be able to trade any longer.

*I promise you this...* if you manage your bank properly from day one and get into good habits, you will have a much easier time down the road. It's not easy to get out of bad habits, especially when money is involved.

Bank management is not dependent on the size of your bank. You need to do exactly the same things with a large bank as you do with a small bank and vice versa.

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### New Tennis Traders

Notice I haven't said "new traders". This advice applies to you, even if you have traded other sports before with large stakes. Every sport is different and can require different skills and different strategies.

When you start tennis trading it is highly likely that you will make mistakes, so it makes sense to lose less money while learning, right?

If you dive in and lose money, you're going to damage your bank as well as your confidence. You don't need either of those things, so my advice is to **start with £3 to £5 stakes**. I used to say use the Betfair minimum which is £1, but that gets fiddly when hedging.

Trading takes a lot of discipline and starting with small stakes is the first test of that discipline. Most people do follow my staking advice, but the undisciplined don't stick with it for very long and that is a **huge** mistake. Yes, small stakes mean small profits, but also small losses when things don't go your way. That's really important! It makes no sense to let mistakes cost much.

There's plenty of time to increase stakes in the future, so forget about profits for now. Firstly, you need to learn how to limit your losses and also get a feel for how the market reacts. Tennis trading is unlikely to be similar to anything you have done before and it takes a lot of practice.

Once you are consistently banking profits and your bank is moving in the right direction, you can start thinking about increasing your stakes. This is fine, but it has to be done slowly! Do not jump from £5 to £20, that's a 300% increase! You need to get used to the new level of risk each time you increase stake size and you'll soon get the hang of it.

Everyone is different - *and you must feel comfortable with your staking at all times* - but here's an idea of what I think is reasonable:

     £3 - £4 – £5 - £6 – £8 – £10 – £15 – £20 – £25 – £30 – £35 – £40 – £45 – £50 – £60 – £70 – £80 – £90 – £100.

Regardless of bank size, use similar increases to those listed above to build up your confidence and consistency. The main thing to remember is that tennis trading takes a lot of practice so do not be in a rush to increase your stakes. If you increase stakes too quickly, I can virtually guarantee that you will lose money.

If you trade for a couple of weeks and get some easy wins, you have not cracked the trading game! I guarantee you will come up against a situation you haven't seen before and get yourself into a jam. Trading a couple of hundred matches does not make you an experienced trader, be patient! Most people need at least 12 months before they can even think about calling themselves experienced.

I really hope that this isn't a shocking statement, but don't increase stakes if you're not trading profitably! You should immediately reduce your stakes back to the minimum and email me for help.

Confidence should be protected as strongly as your bank.

### More Experienced Traders

Once you have become more consistent with your trades and have increased stakes, how much of your bank should you risk?

Opinions on this vary. For people who are more likely to place bets and leave them to run, 1% to 2% of their trading bank is the maximum they would risk on one match. As a trader though, you are monitoring your bets/positions and will make adjustments in-play. Sensible traders will risk between 5% and 10% of their bank on each match.

During trading you must always be aware of your hedge figure. That is, the profit or loss that you can exit the trade with. This will constantly change as players prices move up and down. You should decide the maximum that you are prepared to lose on the match and, when the hedge figure hits that loss, get out of the trade. As a guide, limit any loss to approximately 20% of your stake.

For example, if your bank is £1,000 and your stake is 10% of your bank (£100) your maximum acceptable loss is 20% of stake = £20. If your hedge figure in-play hits a loss of £20, you take the loss and exit the trade.

It's much easier to get that £20 back than it is to make £100, which is more than 10% of your remaining £900 bank!

The stop loss figure of 20% is a starting point. When you're learning you need exact numbers to work with, but as you get more experienced you will see trades where the 20% is not suitable. You will get to know which trades can be left to go to a slightly higher loss. Once you are getting consistent results, you can allow yourself a bigger loss on some matches.

Remember: Regardless of your bank size, never use stakes that are too large for your level of experience. A large stake does not make you a good trader, often the opposite!

### The 6 Rules of Bank Management

Here's a set of rules to stick to:

**1. Maintain discipline**
Each day you will be working from a trading plan. You will stick to that plan and never be tempted to deviate from it. Maintaining discipline is the biggest failing of traders and is the most difficult to get right.

**2. Be patient**
Sometimes a match you were intending to get into is postponed, or perhaps you missed the start of the match and your intended entry point. Do not try and replace it with another match that you have not researched! Be patient and wait for the right opportunities to come along. Remember that, "the patient make money from the impatient".

**3. Don't over trade**
It is very easy to be tempted into too many trades. Over trading will inevitably lead to losses in the long run, so don't give in to that temptation. You have a plan, stick to it.

**4. Stake sensibly**
Your stake will be related to the size of your bank. It would be incredibly foolish to go into any trade with liabilities too big for your bank, so don't be one of those fools! On the other hand, once you're consistently profitable your stake should not be too small either as this means you are not making your bank work for you.

**5. Limit losses**
One of the keys to successful trading is avoiding big losses. There's nothing worse than growing your bank steadily, only for one loss to undo all your hard work. The best trades are those in which your potential profit is higher than your potential loss.

**6. Compound as you go**
As Einstein said, "compounding is the 8th wonder of the world". By increasing your bank you will also be increasing your stake size, thus making your wins bigger and growing your bank even faster. It is quite incredible how quickly a bank can grow by using this method.