**Ripple: A revolutionary in cross-border payment solutions**

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**Overview and Origin**

Ripple is a technology company focused on providing cross-border payment solutions. Ripple's main aim is to create a global settlement network that ensures more efficient transactions between the world's financial institutions. It provides solutions designed to make it quicker, easier and cheaper to send money globally. Platform is designed to allow users – primarily financial institutions – to transfer money from any currency to any other currency in a matter of seconds, anywhere in the world. This is an ambitious goal meant to eliminate the need for older systems like SWIFT.

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**Name of company:** Ripple**​**

**Incorporated in** 2012

**Head office**: San Francisco

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**Founders’ background**

Ryan Fugger, a software developer, founded the original Ripple project in 2004. His concept was launched in 2005 as RipplePay, a financial service allowing users to extend credit lines to friends and family and make secure payments in traditional and online currencies.

In 2012, Jed McCaleb, an American programmer and entrepreneur, along with Chris Larsen, an angel investor and start up executive, approached Ryan with a digital currency idea. Jed had been working on a digital currency system in which transactions were verified by consensus among members of the network. After discussions, Ryan handed over the reins to Jed and Chris, to develop the Ripple protocol (RTXP) and the Ripple payment and exchange network.​

**The idea behind’s Ripple innovation**

The core idea behind the protocol was a peer-to-peer trust network of financial relations that would replace banks. Based on the premise that money is simply a bank’s promise of value, Ryan aimed to create a monetary system where the promise of an individual held just as much weight.

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**Funding**

Ripple released its XRP token in January 2013. Like traditional cryptocurrencies, it is based on a public chain of cryptographic signatures. The company initially set the supply of XRP at 100 billion of which 80 billion tokens were allocated to the company and 20 billion were given to the three founders. On June 13, 2016, Ripple obtained a virtual currency license from the New York State Department of Financial Services, making it the fourth company with a BitLicense.

The primary source of funding Ripple has been sales of the XRP cryptocurrency. According to its own records it sold $1,254.54 million worth of XRP between Q4 2016 and Q2 2020, to a mix of institutional investors and retail investors via sales on Cryptocurrency exchanges.

Ripple is a privately funded company. It has closed five rounds of funding, which included two rounds of [angel funding](https://en.wikipedia.org/wiki/Angel_investor), one round of [seed funding](https://en.wikipedia.org/wiki/Seed_funding), one [Series A round](https://en.wikipedia.org/wiki/Series_A_round), one [Series B round](https://en.wikipedia.org/wiki/Series_B) and one [Series C round](https://en.wikipedia.org/wiki/Series_C).

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| **Date** | **Funding type** | **Investor** | **Amount (million $)** |
| April 2013 | Angel | [Andreessen Horowitz](https://en.wikipedia.org/wiki/Andreessen_Horowitz), FF Angel LLC, [Lightspeed Venture Partners](https://en.wikipedia.org/wiki/Lightspeed_Venture_Partners), Pantera Capital, Vast Ventures, Bitcoin Opportunity Fund | 2.5 |
| May 2013 | Angel | [Google Ventures](https://en.wikipedia.org/wiki/Google_Ventures), [IDG Capital Partners](https://en.wikipedia.org/wiki/IDG_Ventures) | 3.0 |
| November 2013 | Seed | Core Innovation Capital, Venture51, Camp One Ventures, [IDG Capital Partners](https://en.wikipedia.org/wiki/IDG_Ventures) | 3.5 |
| May 2015 | Series A | [IDG Capital Partners](https://en.wikipedia.org/wiki/IDG_Ventures), [Seagate Technology](https://en.wikipedia.org/wiki/Seagate_Technology), [AME Cloud Ventures](https://en.wikipedia.org/wiki/Jerry_Yang#AME_Cloud_Ventures), ChinaRock Capital Management, China Growth Capital, Wicklow Capital, Bitcoin Opportunity Corp, Core Innovation Capital, Route 66 Ventures, RRE Ventures, Vast Ventures, Venture 51 | 28 |
| October 2015 | Series A | [Santander InnoVentures](https://en.wikipedia.org/wiki/Santander_Group) | 4 |
| September 2016 | Series B | [Standard Chartered](https://en.wikipedia.org/wiki/Standard_Chartered), [Accenture](https://en.wikipedia.org/wiki/Accenture), [SCB Digital Ventures](https://en.wikipedia.org/wiki/Siam_Commercial_Bank), [SBI Holdings](https://en.wikipedia.org/wiki/SBI_Group), [Santander InnoVentures](https://en.wikipedia.org/wiki/Santander_Group), [CME Group](https://en.wikipedia.org/wiki/CME_Group), [Seagate Technology](https://en.wikipedia.org/wiki/Seagate_Technology) | 55 |
| December 2019 | Series C | Tetragon, [SBI Holdings](https://en.wikipedia.org/wiki/SBI_Holdings), Route 66 Ventures | 200 |

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**What specific financial problem is the company or project trying to solve?**

## Ripple’s main aim is to relieve the Pain of Slow, Expensive Cross-Border Payments. The bank’s retail and commercial customers were unsatisfied with the lack of transparency around fees when sending money abroad, as well as the slow speeds of each transaction.​

**Target Customer Segmentation**

Over the years, Ripple developed its solutions for the banking industry, including xRapid and xVia, both designed to send payments globally between banks. The first one requires XRP for settlement; the second one doesn’t need any vehicle of value transfer. Both are built on top of xCurrent — the main open-sourced Ripple product. Compared to the traditional SWIFT, the network is a lot faster, providing the settlement time of 4 seconds instead of 2-3 days. Some of the key customers are:

* Santander-One of the world’s biggest banks offering a wide range of services to 140 million retail and commercial customers. It partnered with Ripple to continuously search for superior technological solutions to deliver ever improving remittance services to its customers. Ripple’s blockchain-powered technology and global network of financial institutions helped Santander develop One Pay FX. The simple mobile app allows customers to see exactly how much will arrive when they’re making international payments, while the low-cost transactions happen instantly or on the same day instead of the traditional 3-5 timeframe in the banking industry
* MoneyMatch-A Malaysia-incorporated FinTech company focused on delivering a more efficient cross-border payments service by providing same-day, low-cost global payments to both SMEs and individuals.120+ Number of countries where MoneyMatch customers send money.40% Reduction in cross-border payment costs since joining RippleNet >1.3B Amount of Malaysian Ringgit (MYR) transferred securely on MoneyMatch. RippleNet connects MoneyMatch to financial institutions and payment providers worldwide, so it can offer better rates and faster transaction times than Malaysia’s traditional financial institutions. The ease of integrating with global partners has helped MoneyMatch reduce its operational costs by as much as 40% and the company has passed many of these savings onto its customers by providing a faster and more affordable service. RippleNet partnerships also helped MoneyMatch offer customers same-day settlements instead of the typical multi-day process.
* SBI Remit-The largest money transfer provider in Japan 10+B Monthly cumulative payment volume in JPY.90% Of customers are foreigners living in Japan. To complete Ripple implementation takes 3 seconds. SBI Remit is using RippleNet to power real-time remittance payments between Japan and Thailand. This makes it possible for 47,000 Thai nationals living in Japan to send money home faster. SBI Remit’s customers can use ATMs to instantly send money in JPY to a recipient’s SCB savings account in Thailand and receive funds in THB within seconds.

The RippleNet has more than 200 members, and its geography includes over 40 countries and six continents. Currently, 38% of the world’s top 100 banks have joined Ripple.

​​**Current technologies-Benefits and implementations**

As a technology company, Ripple uses XRP and the XRP Ledger in xRapid, a product designed to provide banks and payment providers with access to on-demand liquidity. Ripple does not own or control the technology behind XRP, but it does hold 60 billion XRP (approximately 55 billion of which is locked in escrow). XRP is the independent digital asset that facilitates transactions on the Ripple network, acting as a bridge between different fiat currencies and as a source of liquidity.

The Ripple platform is similar to Ethereum in that it has its a native currency (XRP) but is also open-source, allowing users to build their own assets and products on top of the existing platform. Ripple uses its proprietary patented technology, the ‘Ripple protocol consensus algorithm’ (RPCA), to verify transactions.

XRP enhances Ripple’s software by acting as a bridge between traditional fiat currencies, providing liquidity and speeding up cross-border transactions; however, it is not essential to the network and doesn’t have to be used. A smart contract controls the release of XRP. Ripple planned to release a maximum of 1 billion XRP tokens each month as governed by an in-built smart contract; the current circulation is over 50 billion.

RippleNet is what Ripple calls the network of financial institutions using its products. There are three core segments: xCurrent for processing payments, xRapid to source liquidity, and xVia to connect to the network and send payments.

Ripple's revenue sources include professional services provided to financial network operators being integrated with Ripple, software built to integrate legacy financial systems with Ripple and the native currency ([XRP](https://en.wikipedia.org/wiki/Ripple_(payment_protocol)#XRP)).

## The potential of XRP

XRP is one of the top cryptocurrencies. It looks like it’s not going to change anytime soon. Banks are very interested in using blockchain technologies that allow them to save money on transactions, so they’ll continue to test it. That means that we’ll see more good news about XRP and its adoption in the future, and the demand for XRP tokens will continue to grow or at least stay on the same level. If you already have some XRP tokens, you can use them to make more money. XRP has a good potential to become the banking standard

**Competitors Analysis**

**Stellar** is an open source protocol which is designed to allow fast and cheap transactions. It allows you to quickly restore database when you are e.g. writing database migrations, switching branches or messing with SQL. PostgreSQL and MySQL are supported.

**Ethereum:** A decentralized platform for applications that run exactly as programmed without any chance of fraud, censorship or third-party interference.

**Swift:** Writing code is interactive and fun, the syntax is concise yet expressive, and apps run lightning-fast. Swift is ready for your next iOS and OS X project — or for addition into your current app — because Swift code works side-by-side with Objective-C.

**Litecoin** is a peer-to-peer Internet currency that enables instant, near-zero cost payments to anyone in the world. It is an open source, global payment network that is fully decentralized without any central authorities.

**PayPal** is an online payments and money transfer service that allows you to send money via email, phone, text message or Skype. They offer products to both individuals and businesses alike, including online vendors, auction sites and corporate users. PayPal connects effortlessly to bank accounts and credit cards. PayPal Mobile is one of PayPal’s newest products. It allows you to send payments by text message or by using PayPal’s mobile browser.

**Stripe** makes it easy for developers to accept credit cards on the web.

**Advantages of using Ripple’s XRP vs. Bitcoin**

Ripple is the company that is behind XRP, the cryptocurrency.

* Bitcoin transaction confirmations may take many minutes with high transaction costs, while XRP transactions are confirmed in seconds with little cost.
* XRP consensus system consumes negligible amounts of energy as compared to Bitcoin, which is considered an energy hog.
* XRP is cheaper and faster than Bitcoin

**Recommendation**: The ripple network although decentralised, is owned by a private company. Since the crypto currency landscape is changing fast and more banks are interested in using blockchain technologies that allow them to save money on transactions, it means we will see more good news about XRP and its adoption in the future. To be future ready, Ripple should plan and execute its transition phase from decentralised private network to decentralised public network to compete and lead Bitcoin in this space.

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