Ripple. Lets talk about it in this lecture!

So what is Ripple?

Ripple is a global settlement network, making it easy to transfer nearly any currency to anyone in the world in just seconds. The Ripple platform has rendered the traditional system of sending money through SWIFT or Western Union obsolete. At this point, Ripple is focused entirely on working with banks, offering them a more efficient and cost-effective way to send real-time payments around the world.

Consider this hypothetical example. Directly transferring currency inexpensively from Japan to Nicaragua, this isn’t generally feasible. Instead, an individual or bank will usually trade JPY to USD and then USD to local Nicaraguan currency.

At each step, the fees add up, making for an expensive way to send money internationally. By using Ripple, one can trade JPY to XRP (Ripple’s currency) relatively inexpensively, send XRP to the recipient, either an individual who has a Ripple wallet or a bank in Nicaragua, and from there, trade XRP into the local Nicaraguan currency. In other words, XRP is the grease that allows any currency to be easily exchanged for any other currency on the Ripple platform.

While banks in general have been slow to adopt Ripple, there is no doubt that real time worldwide payments are the future. The Ripple platform gives banks a huge advantage both over their competition and financially. Ripple is focused on the “Internet of Value”, meaning that money transfers should move as quickly as information does in the technological age. With Ripple, there is no reason to pay a fortune and wait days when transferring money globally.

Now comes the question, why are banks using Ripple?

A few banks have embraced the Ripple platform including, Santander, Axis Bank, Yes Bank, Westpac, Union Credit, NBAD, and UBS, among others. According to Ripple, banks can save an average of $3.76 per payment by using their protocol. Considering that banks perform thousands or perhaps millions of transactions every year, this represents a significant savings.

If there is one thing that captures the attention of banks, it is how to make more money, while saving more money. This is why Ripple, or a real time, inexpensive, global settlement network similar to it, has a bright future ahead of it, as they are offering a new way to conduct business that brings financial institutions up to speed in the Internet age.

Ripple is lead by Brad Garlinghouse, while the brains behind the scene is David Schwartz, the Chief Cryptographer. Based out of San Francisco and branching out around the world, the Ripple team has been constantly improving the protocol, while connecting with banks internationally. Ripple continues to hire top talent from around the world and aims to facilitate the greater majority of international payments worldwide. As it currently stands, Ripple is one of the most exciting Fintech organizations with their innovative financial platform, as Forbes even includes Ripple in their Fintech 50.

So how do you as an individual even invest in Ripple?

While large scale investors may be able to invest in Ripple directly, most other investors and speculators are limited to investing in XRP. XRP, Ripple’s native currency, took off in value in 2017 when it went from under $0.01 to over $0.30 a coin. This huge surge in value is due to both bank adoption and speculative interest. As it currently stands, Ripple is one of the top 10 largest cryptocurrencies.

XRP allows for seamless financial transactions from any given currency to any other currency with negligible fees. In a sense, XRP is the reserve currency on the Ripple platform that enables users to trade nearly any currency of choice into XRP and send XRP globally to anyone. The individual who receives XRP can then trade it for the currency of their choice.

Every time any given currency is traded into XRP, liquidity increases, as does the value of XRP, due to greater demand. In other words, Ripple is attempting to turn XRP into a global reserve currency of such even though it may not seem that way just yet.

However, transferring XRP is the easiest and least expensive way to send value over the Ripple protocol. At some point, it may not make sense to move into any other currency, while instead, simply using XRP exclusively for global payments. If people and banks from around the world turn their fiat into XRP and collectively decide not to move back into fiat, the price of XRP will no doubt skyrocket.

The goal is to turn XRP into a stable currency that doesn’t deviate in value much so banks would be comfortable moving into it without fear of volatility. As it stands, many banks don’t want anything to do with XRP because it can dramatically change in value overnight or even in seconds. In order to assist banks and payment providers Ripple has partnered with BitGo to mediate these risks so expect further bank adoption relatively soon.

A long-term appreciation in the value of XRP is ultimately the end game strategy for Ripple, as they hold the majority of XRP in existence. This means that a bet on XRP is a bet on Ripple. It should be noted that Ripple also offers consulting services to financial institutions and has no problem securing funding when needed. In other words, it looks like Ripple is likely to be around for a long time.

That leads me nicely onto how many Ripple coins exist? Any idea?

Well, of the 100 billion XRP tokens in existence, Ripple holds 61 billion of them. With the company holding the majority of the coins. In order to build investor confidence, Ripple has locked up 55 billion XRP with 55 smart contracts. One by one, each contract, holding 1 billion XRP, expires monthly throughout the course of 54 months.

As it currently stands, Ripple has spent about 300 million XRP a month for the past 18 months to handle expenses. This operational transparency should give skeptical investors a reason to believe that Ripple is in this game long-term and would not benefit by selling off their holdings, thus plummeting the value of XRP.

So what are the distinct advantages of ripple?

There are a number of advantages that XRP has over other cryptocurrencies, most notably, Ripple is working directly with banks. While anyone opposed to the banking cartel monopoly may not want to invest in Ripple on principle alone, there is no doubt that Ripple is focused on smart business decisions by making ties with the very corporations that control global finance.

Investors who want to capitalize on the hard work Ripple is dedicating to their global settlement network are likely to witness a steady increase in value over the long term by simply holding XRP. Simply put, buying XRP and forgetting about it could result in 10x or even 100x gains over the long-term.

Ripple is fast, with transactions confirming in under four seconds. In other words, it can be used to purchase every day items, assuming that it is adopted by both merchants and users worldwide. In addition, Ripple is scalable, as it regularly handles 1,000 transactions a second. It has even been shown to handle as many transactions as Visa, more than 50,000 transactions a second.

Now does Ripple have any advantages over Bitcoin?

Bitcoin is great, but it isn’t a fast way to exchange value, while Ripple is. In addition, the cost to send bitcoin has increased significantly as more and more transactions are taking place on the blockchain, while transferring XRP is still relatively inexpensive. In addition, the Ripple network doesn’t get bogged down by transactions like bitcoin currently does.

The original goal of Ripple was to develop a platform that didn’t consume huge amounts of electricity like the process of mining bitcoin. In order avoid mining entirely, all 100 billion XRP were “instamined” that inherently has drawbacks to anyone who appreciates the benefits of mining.

Many argue that Ripple is centralized, but the company is working hard to change that. Ripple is becoming increasingly decentralized through validator node diversity on the Ripple Consensus Ledger (RCL). In fact, Ripple argues that it is more decentralized than bitcoin at this point in time.

One of the biggest advantages, at least from an investor’s standpoint, is that Ripple is making connections with the banks around the world, while many see bitcoin and other cryptocurrencies as competition to the established financial order. In other words, banks are far more likely to embrace a protocol like Ripple and its native currency XRP, rather than support bitcoin.

Now let me touch on some drawbacks to Ripple?

So while XRP has some huge advantages over other cryptocurrencies, some would argue that it is a big brother platform for making global transactions. Since the original vision of Ripple was focused on allowing everyday people to make global transactions, like remittance payments, inexpensively and quickly, the pivot to focusing exclusively on banks was seen as a turnoff by many. Anyone who likes the Ripple platform, but doesn’t like Ripple the company may want to use Stellar, a Ripple fork from Jed McCaleb, as it has more of an altruistic vision.

As stated before, XRP was created all at once and Ripple owns the greater majority of these tokens. Even though these coins are locked up in a smart contract and the likelihood of a sell off is small, it is still something to consider. In a sense, Ripple is the central bank of XRP.

Researchers at Purdue University have determined that the Ripple platform has security vulnerabilities. Due to its open nature, nodes within the network could be subject to attack, preventing some users from accessing funds.

Many people may decide not to invest in XRP for personal reasons, especially if they are invested in cryptocurrency because they see cryptocurrency as an escape from the banking cartel and government control. On the other hand, investors who are looking for profits and don’t see anything wrong with Ripple’s business model have every reason to buy XRP.

So that’s everything on this lecture about Ripple, I know it’s something a lot of you requested, so we’re thrilled to have been the ones to deliver this to you. But that’s everything for this lecture, hope you enjoyed it, see you in the next where we will be know-how on Steem.