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# Join the Global Real-Time Settlement Network







# Why Financial Institutions are Adopting Ripple

The needs of today's customers, both corporate and retail, have evolved significantly. They need the ability to send international payments of all sizes on demand and in real time, not just across banking networks, but also emerging financial networks, such as mobile wallets.

However, payment networks today are fragmented and siloed, due to a diverse set of messaging and settlement protocols. Cross-border payment infrastructure bridges these networks but constrains what's possible by design. For example, it doesn't make good business sense for banks to offer low-value cross-border payment services or on-demand processing, despite rising demand. Today's infrastructure was built to serve the opposite need — high-value payments or batch processing, resulting in high processing costs, lengthy settlement times, and a poor customer experience.

These inefficiencies not only result in an enormous cost (an estimated \$1.7 trillion<sup>1</sup> per year for all participants in the ecosystem), but also fail to meet the needs of today's banking customer.

<sup>1</sup> Ripple analysis across: World Trade Organization, *International Trade Statistics 2014*; Institute of International Finance, *Aggregate Capital Flows 2014*; Federal Reserve Financial Services, *Cross-Border Payments 2015*

Adopting Ripple through one simple integration provides instant access to its growing network, opening new corridors and revenue-generating use cases, including corporate disbursements and retail remittances.

### **What is Ripple?**

As modern global payment infrastructure, Ripple's distributed financial technology solution allows banks to efficiently transact with other banks and payment providers to efficiently settle transactions in real time. Ripple eliminates time delays and ensures certainty of settlement, resulting in new revenue opportunities and lower transaction costs for banks and their customers. Using Ripple, banks can meet the growing demands for faster, low-cost, on-demand global payment services for any ticket size and offer better overall customer experiences.

# Benefits of Ripple



## Access

Ripple enables access to a global network of financial institutions and liquidity providers. Banks no longer need direct reach (nostro accounts) across all corridors to efficiently process payments.

## Speed

Ripple's solution provides real-time settlement between banks.

## Certainty

Banks exchange payment and fee information on Ripple before payments execute, minimizing the risk of failure. Funds settle between Ripple-connected banks in seconds with end-to-end visibility into every transaction.

## Cost

Ripple reduces the total cost of settlement for every transaction, freeing up funds to allocate elsewhere.



# Unlocking New Revenue Opportunities

If financial institutions do not find a way to serve new demand for high-volume, low-value, instant global payments from corporates and consumers, they risk losing that business to emerging payment providers.

Today's infrastructure forces banks to process international payments in batch, causing settlement uncertainty, long time delays, high costs and limiting opportunity for new types of services. Banks can modernize their infrastructure and reduce costs by adopting Ripple. They can then capitalize on new revenue opportunities like corporate disbursements and retail remittances.

# Corporate Disbursements

Banks are seeing the emergence of a new type of corporate customer, one that operates a platform business model connecting consumers directly with suppliers. Think of businesses like Amazon, Uber and Facebook. These new corporates need to send high volumes of low-value global disbursements across a plethora of banking networks and non-traditional payment providers. Banks today either don't or can't support this functionality.

Working with Ripple enables banks to service their corporate customers that need to send efficient low-value payments across different payment networks, on demand, in real time, at a fraction of the cost of traditional rails. This innovation ensures that banks are not just improving the service for their customers today, but also preparing their infrastructure for their customers' future needs.





# Retail Remittances

For an average payment size of \$500, banks can save 60 percent in total processing costs.

Consumer clients associate international wire transfers with high costs and a frustrating customer experience. These consumers are seeking alternative remittance options with complete transparency into cross-border payment fees and delivery confirmation.

Ripple's fee pre-disclosure, status tracking and payment confirmation enables banks to provide a low-cost remittance service with a drastically improved user experience to their customers. Instead of directing resources towards fielding customer supports calls and investigating payment errors and failures, banks can focus on expanding the remittance revenue opportunity.

## Key Cost Saving Drivers

### **Payment processing cost**

Higher Straight Through Processing rates  
Elimination of SWIFT costs

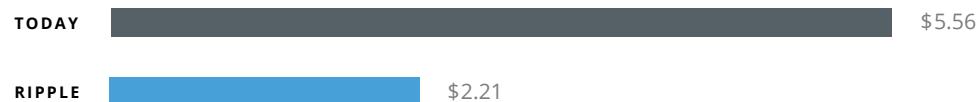
### **Treasury operations cost**

Lower in-flight capital  
Lower liquidity cost  
Lower counterparty risk

### **Reconciliation cost**

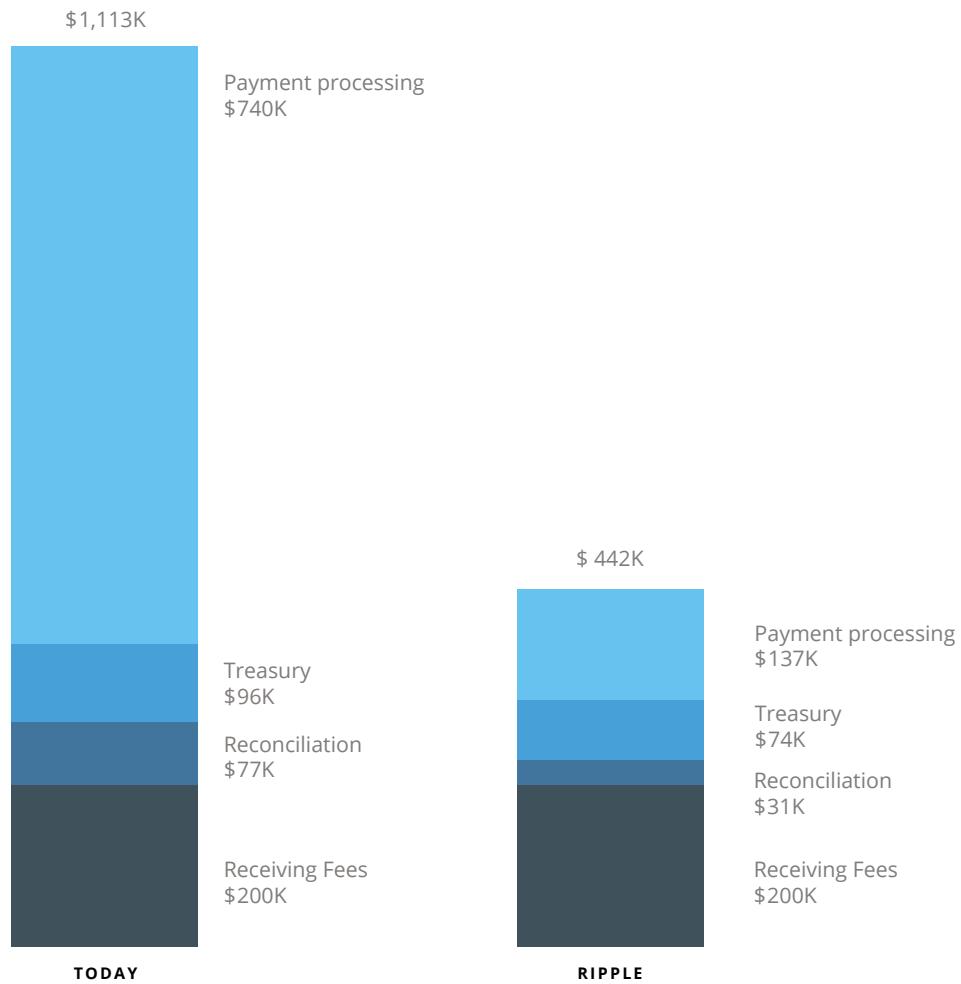
Instant confirmation  
Real-time liquidity monitoring

## Cost Per Payment



## Estimated Total Cost of Processing Payments

Average Payment Size: \$500



## Cost Savings per Category



# Security on Ripple

Ripple provides secure solutions for real-time cross-border settlement. Ripple utilizes advanced encryption and bank-grade security features to keep sensitive information secure and compliant with the latest industry standards.

## Privacy of Information

Using Ripple, customer data remains private and secure, behind the bank's firewall. Financial transaction history is stored in the bank's databases; transactions are not linked to any identifiable information and cannot be directly associated with any individual account or financial institution. Additionally, Ripple does not have access to and does not store any information about the bank's customers.

## Cryptographic Security

Financial institutions using Ripple cryptographically sign for their own transactions using industry-standard algorithms, including ED25519 — no other institution or individual can sign on their behalf.

## Secure Communication

Financial institutions' internal systems communicate with Ripple over secure HTTPS connections using OAuth 2.0 for authentication. Payment data is encrypted and shared only between the two institutions making payments to each other.



# Compliance and Risk Management on Ripple

The opaque nature of today's cross-border payments makes it challenging to meet compliance requirements.

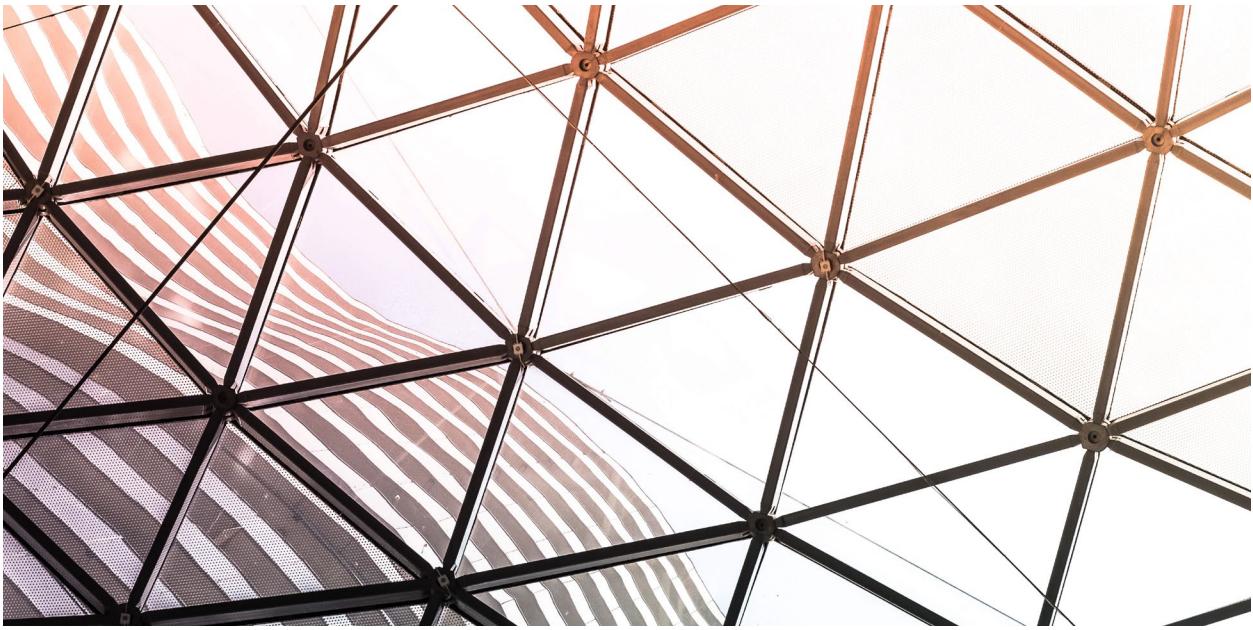
While banks remain responsible for their compliance obligations — including customer onboarding, anti-money laundering controls and sanction screening — Ripple provides capabilities that enable banks to more efficiently meet these requirements.

Ripple offers bidirectional messaging functionality that allows banks to directly and securely share information about the payment.

## **Bringing Efficiency to Compliance Processes**

Ripple's messaging function allows banks to immediately address issues with a payment request, such as an incorrect account number or compliance concern.

By resolving these issues before the payment is initiated, Ripple allows banks to reduce compliance issues, operational costs and rejected payments.



## **Enabling Payment Status and Fee Transparency**

Today's payment systems provide little transaction visibility for originating and beneficiary banks. Ripple allows banks to exchange more payment information than today — including fees, FX costs and confirmation of good funds — all before the payment is initiated. Once the payment is initiated, banks benefit from end-to-end fund traceability and real-time receipt confirmation for the leg of the payment settled via Ripple.

Ensuring availability of good funds and payment status reduces settlement risk, while fee transparency enables banks to efficiently meet consumer fee pre-disclosure requirements.

As details are confirmed up front and payments settle over Ripple in real time, there is no possibility that a payment will fail several days after being initiated.

## **Meeting Technology Vendor Expectations**

By licensing software to banks, Ripple is a technology vendor and subject to the banks' vendor management programs. Ripple works with banks to meet their IT risk expectations. Ripple engages directly with central banks and regulators around the world to ensure a thorough understanding of our technology and products.

# Customers

Banks around the world have partnered with Ripple to offer more efficient cross-border payment services to their customers and to gain access to Ripple's growing, global network of financial institutions and liquidity providers.



# Partners

System integrators and technology partners facilitate the connection between financial institutions and Ripple's network. They can provide banks with consulting and turnkey solutions that fit within their existing infrastructure.



## Contact Us

Ripple has offices in San Francisco, New York, London, Sydney and Luxembourg.

To learn more about how your financial institution can adopt Ripple, please contact us at [ripple.com/contact](http://ripple.com/contact).

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