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# Ripple



## Ripple

Lesson 20

Ripple (XRP) stands out as an altcoin in the digital currency landscape because of its unique focus on revolutionizing international transactions and its relationship with traditional financial institutions.

Typically, cryptocurrencies strive for decentralization and to serve as an alternative to the existing financial system that relies on fiat currency. Ripple seeks to improve the efficiency of cross-border payments by working within the system—partnering with banks and financial services.

This lesson will help participants become familiar with this popular altcoin. We will also provide a potential use case for Ripple, showing how we could leverage the altcoin to become a potential asset in support of people transitioning from prison.

### Origins of Ripple

Chris Larsen and Jed McCaleb created Ripple in 2012 with the goal of enabling instant, secure, and low-cost international money transfers. Like all businesses, they wanted to solve a problem for customers. By using the digital economy, they engineered the Ripple payment protocol and exchange

network to directly address the inefficiencies of the global banking system, such as high fees and long processing times for cross-border transactions.

The potential scale of their business exposes them to a total available market that we could measure in the trillions of dollars.

### Key Features of Ripple

- » **Fast Transactions:** Ripple can settle transactions in 4 to 5 seconds, significantly faster than traditional banking systems and even other cryptocurrencies.
- » **Low Cost:** Ripple reduces the transaction costs associated with international money transfers, making it an attractive option for financial institutions.
- » **Scalability:** Ripple can handle up to 1,500 transactions per second, comparable to traditional payment systems like Visa.
- » **Currency Agnostic:** Ripple's network supports fiat currencies, cryptocurrencies, commodities, or any other unit of value, offering flexibility in the types of transactions it can process.

### Ripple's Utility in the Digital Economy

Ripple's primary use case is in the RippleNet payment platform, which allows for quick and cost-effective international money transfers. RippleNet is used by a variety of banks and financial institutions to provide a more efficient alternative to traditional banking systems and payment protocols like SWIFT.

The SWIFT payment protocol, developed by the Society for Worldwide Interbank Financial Telecommunication (SWIFT), is a global messaging system used by banks and other financial institutions to securely transmit information and instructions through a standardized system of codes. SWIFT does not handle the actual transfer of funds but provides a secure and reliable network for financial institutions to send and receive payment orders.

Here's a simplified overview of how the SWIFT payment protocol works:

- » Person initiates order at a bank, paying a fee.
- » Sender's bank sends a payment order to the receiving bank, taking a fee.

- » Intermediary banks agree to process funds, taking a fee.
- » Recipient bank gets funds, and takes a fee.

### Ripple Contrast to SWIFT

Ripple offers an alternative to traditional banking systems and protocols like SWIFT for cross-border payments and settlements. Ripple aims to address some of the main challenges associated with SWIFT, such as high costs, slow transaction speeds, and lack of transparency.

### Use of Blockchain Technology

Ripple operates on a decentralized blockchain technology, which allows for direct transfers between parties without the need for intermediaries. This is in contrast to SWIFT, which relies on a network of banks to process transactions, often involving multiple intermediary banks.

### The XRP Ledger

At the heart of Ripple's ecosystem is the XRP Ledger, an open-source blockchain that facilitates fast, low-cost, and scalable digital payments. RippleNet transactions can use XRP, Ripple's digital currency, as a bridge currency to facilitate exchanges between different currencies, reducing the need for holding multiple currency accounts.

### Instant Settlement

Ripple enables almost instant settlement of transactions, which can significantly reduce the transaction time from days to just seconds or minutes. This speed is a stark contrast to the SWIFT system, where cross-border payments can take several days to be processed and settled.

### Lower Costs

By eliminating the need for intermediary banks and leveraging digital currency for liquidity, Ripple can reduce the transaction costs associated with cross-border payments. SWIFT transactions can be costly due to fees charged by each bank involved in the transfer process.

### Transparency and Security

Ripple offers end-to-end transaction visibility to all parties involved, enhancing transparency. Transactions on the Ripple network are encrypted and recorded on the blockchain, ensuring security and immutability. SWIFT also provides secure transmission of payment orders but has been criticized for its lack of transparency, especially regarding fees and transaction status.



In summary, Ripple contrasts with SWIFT by offering a blockchain-based solution that emphasizes speed, cost efficiency, and transparency in cross-border payments. By leveraging digital assets like XRP for liquidity and a network of participants on RippleNet, Ripple aims to modernize and streamline international payments.

### **The Impact of Ripple**

Ripple's approach to integrating with the existing financial system offers a unique perspective on how cryptocurrencies can be used not just as a store of value or medium of exchange but as tools for systemic improvement. While its focus on banking and financial institutions has drawn criticism from cryptocurrency purists, Ripple's success in securing partnerships with major banks around the world speaks to its potential to effect real change in the way money moves across borders.

In exploring the possibilities presented by Ripple, our team at Prison Professors acknowledges the power of financial technology to support social causes and empower individuals facing significant challenges in reintegrating into society.

Given Ripple's potential for facilitating charitable contributions and supporting reintegration efforts, it represents a compelling area of interest for those looking to invest in cryptocurrencies with a focus on social impact.

### **Entrepreneurs and Ripple:**

Entrepreneurs can use Ripple's technology to build businesses that serve international clients, leveraging Ripple's advantages in speed, cost-efficiency, and transparency for cross-border transactions. Ripple's ecosystem, particularly RippleNet, provides a robust framework for developing financial applications and services that can significantly improve international payment processes for businesses around the world.

By developing strong communication skills in prison, entrepreneurs can use Ripple to create entities that offer international business services:

### Payment Processing Services

Entrepreneurs can create payment processing platforms that utilize RippleNet to offer fast and low-cost international payment services to businesses. These platforms can serve e-commerce businesses, freelancers, and companies with global operations, enabling them to receive payments from customers or make payments to suppliers and partners across borders with ease.

### Remittance Services

Developing remittance services on Ripple's network can address the needs of migrant workers and expatriates looking to send money back home quickly and affordably. By leveraging Ripple's technology, these services can undercut traditional remittance providers' fees and transaction times, providing a valuable service to a large and often underserved market segment.

By focusing on the unique advantages Ripple offers for cross-border payments, entrepreneurs can identify and exploit niches within the international business services market. The key is to understand the specific pain points businesses face when dealing with international transactions and to tailor solutions that leverage Ripple to address those challenges effectively.

In the next lesson, we'll cover Solana, another altcoin.

### Investment:

On Saturday, February 24, 2024, at 5:58 am Pacific time, I was happy to see the price of Bitcoin rising on Coinbase: \$51,132.80

- » Total investment in BTC at end of day, February 19, 2024: \$192,202.76.
- » Total holdings: 4 BTC
- » Total value: \$204,531.20
- » Gain or Loss: \$12,328.44

The value of my holdings surpassed the total amount that I had paid by \$12,328.44 since I began investing in cryptocurrency, on January 31, 2024.

Separately, I purchased 1 ETH. It was valued at \$2,954.74 and Coinbase charged me a fee of \$66.48. My total investment: \$3,021.22. Value of ETH at end of day: \$2,962.36.

- » Value of Chainlink (Link): \$18.35
- » Value of Cardano (ADA): \$0.5908
- » Value of Cosmos (ATOM): \$10.38
- » Value of Dogecoin (DOGE): \$.0854
- » Value of Litecoin (LTC) today: \$68.73
- » Value of Monero (XMR) today: \$125.42
- » Value of Polkadot (DOT) today: \$7.82
- » Value of Ripple (XRP) today: \$0.545

### Disclaimer:

For full transparency, I am not an investment advisor. Our nonprofit, Prison Professors, offers these lessons for the singular purpose of helping people learn more about the digital economy. I provide information on my personal investments to show that even a person who served 26 years can participate in the digital economy. I am an investor and a speculator, understanding the risks. No one should invest in any asset class without a strategy and a plan, as shown through our introductory course: Preparing for Success after Prison. Always develop an understanding of investment risks—especially with cryptocurrency.

### Critical Thinking Questions:

1. How does Ripple's payment protocol differ from traditional systems like SWIFT in facilitating international transactions, and what implications does this have for the efficiency and cost of global payments?
2. In what ways could Ripple's technology be leveraged to improve financial inclusion and access to banking services for underserved populations around the world?
3. Consider the potential challenges and opportunities of adopting Ripple in the current financial ecosystem. What factors would be crucial for its widespread adoption and success?

### Advocacy Initiative:

To the extent that you're willing to participate in our advocacy efforts, please share your story and responses through the manner that works best for you:

1. Send through email to [Interns@PrisonProfessorsTalent.com](mailto:Interns@PrisonProfessorsTalent.com)  
Subject line: Digital Economy Course
2. Send through regular mail:  
Prison Professors  
% Digital Economy Course  
32565 Golden Lantern, Suite B-1026  
Dana Point, CA 92629
3. Send through the Edovo tablet  
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### Three most recent lessons sequences:

- » Lesson 19: Polkadot (DOT)
- » Lesson 20: Ripple (XLR)
- » Lesson 21: Solana (SOL)