

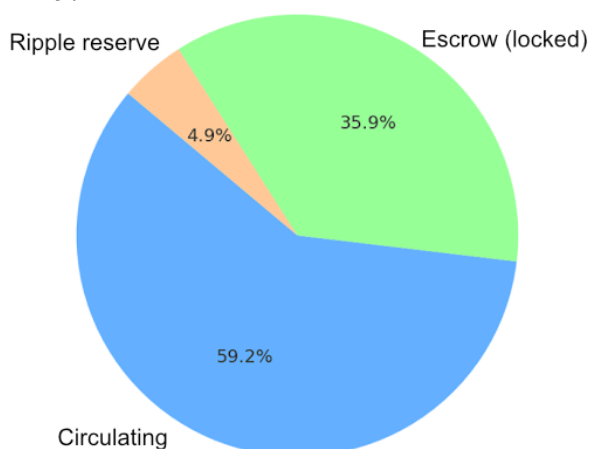


Research Report | 02.09.2025

## Ripple and XRP: Opportunities and risks of a growing financial infrastructure

**Ripple is evolving into a key infrastructure for cross-border payments, driven by clear regulation and targeted acquisitions. However, its growing institutional adoption faces strong competition from stablecoins, which address similar use cases.**

Ripple Labs was founded in 2012 with the goal of disrupting international payments. Its cryptocurrency XRP is closely tied to the XRP Ledger (XRPL) network. From the outset, the company positioned itself as a bridge between banks, payment providers, and blockchains. The total XRP supply was fixed at 100 billion tokens at inception. Today, around 64 billion are in circulation, 36 billion are locked in escrow contracts, and nearly 5 billion are held by Ripple as reserves. With a market capitalization of roughly USD 170 billion, XRP ranks among the leading digital assets. For investors, one critical point stands out: nearly half of the tokens are owned by Ripple and its founders – providing influence, but also raising the risk of selling pressure.



XRP "Tokenomics" / Source: CMC, Digital Asset Solutions AG

### Real-time liquidity for payments

Ripple's core product is On-Demand Liquidity (ODL). Payments are settled in real time across different currency zones using XRP. A bank converts its local currency into XRP, which is transferred within seconds to the destination country and then exchanged back into the target currency. This eliminates the need for banks to maintain costly foreign currency accounts, reduces capital lock-up, and lowers settlement costs. ODL is considered the most important use case for XRP, even though it is still active only in selected corridors. In Q2 2025, transactions worth USD 1.3 billion were processed through ODL.

Ripple points to more than 300 institutional partners, including Santander, SBI Holdings, Trango, and since 2025 also PayPal. However, many of them initially only use RippleNet's messaging infrastructure, which functions similarly to SWIFT but is faster and more cost-efficient. Actual on-chain usage of XRP therefore remains limited – hampered by regulatory uncertainty and the high volatility of the digital asset.

### Network: fast consensus, low costs

Technologically, the XRP Ledger does not rely on proof-of-work or proof-of-stake like Bitcoin and Ethereum, but on the Ripple Protocol Consensus Algorithm (RPCA). Validators compare transactions and reach consensus once at least 80 percent agree. The process is based on so-called Unique Node



Lists, which define which validators a participant trusts. Ripple publishes a recommended list, but users can configure their own. Today, more than 150 independent validators exist worldwide, operated by universities, companies, and community members. Ripple itself controls only a small fraction of them. As a result, the network is significantly more decentralized than in its early years, though it relies more on trust in validators than Bitcoin or Ethereum. The advantage lies in very fast transactions with final settlement in just a few seconds and minimal energy consumption.

### Growth through institutions

These technical characteristics are also reflected in adoption. In 2025, a clear shift became visible: while the number of new retail addresses declined sharply, transaction volume in Q3 surged by about 500 percent, driven by institutional RippleNet partners and cross-border payment corridors. In Q1 2025, the XRP Ledger processed an average of around two million transactions per day, placing it among the most active blockchains. About three-quarters of all transactions are confirmed in under five seconds, making the ledger attractive for high-frequency, low-margin payments. Despite fewer new retail users, the number of active accounts continued to rise overall - a sign of broader usage by existing and institutional participants.

Metric	24Q1	24Q2	24Q3	24Q4	25Q1
Avg Daily Active Addresses	41.4K (37.0%)	28.9K (30.3%)	27.9K (3.4%)	55.6K (99.0%)	134.6K (142%)
Avg Daily Transactions	2.8M (113%)	0.9M (67.4%)	1.7M (93.8%)	1.8M (2.9%)	2.0M (13.3%)
Total New Addresses	183.2K (12.4%)	95.6K (47.8%)	105.2K (10.0%)	506.9K (382%)	568.3K (12.1%)

Network usage (QoQ growth%) / Source: Messari.io

### New ecosystems

With the US dollar stablecoin RealUSD (RLUSD), backed by reserves at BNY Mellon, Ripple is also targeting the growing stablecoin market, which - thanks to clear rules under the Genius Act - could expand to as much as USD 2 trillion by 2030. At the same time, its partnership with Cardano broadens

reach, with XRP set to be integrated into the Lace wallet by the end of 2025 along with additional planned DeFi features. Another step toward institutional adoption is the acquisition of prime broker Hidden Road, which will in the future handle trading and settlement directly on the XRP Ledger and use RLUSD as collateral.

### Regulation: new opportunities in the capital markets

Beginning in 2020, Ripple became entangled in a costly lawsuit with the US Securities and Exchange Commission (SEC), which accused the company of selling XRP as an unregistered security. After years of uncertainty, the situation shifted fundamentally in 2025. The SEC dropped the case, confirming that XRP is not considered a security in public trading. This clarity strengthens confidence and paves the way for broader adoption.

Ripple has also applied for a national banking license from the Office of the Comptroller of the Currency (OCC) and is seeking a master account with the Federal Reserve to gain direct access to the US payments system. In Europe, Ripple is pushing expansion through Ripple Payments Europe SA in Luxembourg, where it has applied for an EMI license to roll out RLUSD in a regulated manner across the entire EEA.

Meanwhile, XRP is increasingly moving into the spotlight of capital markets. Several asset managers, including Grayscale and WisdomTree, have filed spot ETF applications. If approved, XRP would become the next leading cryptocurrency - after Bitcoin and Ethereum - to have a US spot ETF. The prospects currently look favorable. Such a product would significantly facilitate institutional capital inflows and could transform the market in a lasting way.

### Between clarity and competitive pressure

From an investor's perspective, the picture is mixed. On the one hand, regulatory clarity, the growing importance of stablecoins, the prospect of ETF approvals, and numerous institutional partnerships all point to significant upside potential. On the other hand, actual on-chain usage by banks and payment providers remains limited. Established stablecoins



such as USDT and USDC, along with potential central bank digital currencies (CBDCs), also restrict the room for growth. Added to this is the persistent volatility, which continues to act as a barrier to productive use in payments.

Overall, Ripple is positioning XRP as an infrastructure project for global payments. With ODL, stablecoin initiatives, and new partnerships, the foundation for growth has been laid. The decisive factor will be whether Ripple can succeed in moving institutional partners toward broader on-chain adoption. If this step is achieved, XRP could evolve from a niche project into a fixture of the international financial system. Short-term catalysts include the EVM sidechain, the extensions roadmap, the integration of institutional assets including RLUSD, and a potential ETF approval. In the medium term, integration into financial infrastructures and innovations such as DeFi and CBDCs could drive further growth.

#### **Token and valuation**

Demand for XRP remains limited, as the token is not required in large volumes for Ripple's core business. Its high market capitalization is driven primarily by marketing, networking, and strategic acquisitions. A major risk is the heavy concentration of holdings: Ripple and its founders control a disproportionately large share of the tokens, which could create future selling pressure. In addition, ongoing speculation about a potential Ripple IPO adds uncertainty, as it remains unclear to what extent token holders would benefit from such a move.



## Disclaimer

The information provided is for informational purposes only and does not constitute investment advice or an offer or solicitation to buy or sell financial instruments. This publication does not take into account the investment objectives, financial situation, or specific needs of any particular recipient.

The views expressed are based on information available at the time of publication, reflect the current assessment of Digital Asset Solutions AG, and are subject to change at any time without notice. Forward-looking statements are not guarantees of future performance.

No liability is assumed for the accuracy, completeness, or timeliness of the information. Past performance is not a reliable indicator of future results.

Digital assets involve significant risks, including high volatility, regulatory uncertainty, and the potential for total loss of invested capital.

This publication is confidential and intended exclusively for the designated recipients. Reproduction or redistribution without prior consent is prohibited.