



XRP: \$1,000 Invested in Ripple at the Start of 2020 Is Worth This Much Now!

Description

Cryptocurrency investors have made money hand over fist in the last two years. The cryptocurrency market was valued at a record US\$3 trillion in November 2021 before pulling back in the last two months. Several digital tokens generated exponential gains for investors with **Shiba Inu**, **Solana**, **Axis Infinity**, and [a few others rising](#) by 10,000% in 2021.

While the new entrants made a big splash in 2021, let's see how **Ripple** ([CRYPTO:XRP](#)) performed in the last two years. Since the start of 2020, the XRP token has returned a paltry 290% to investors. So, \$1,000 invested in the XRP token at the start of 2020 would be worth close to \$4,000 right now.

At the time of writing, XRP is trading at US\$0.7612, which is significantly lower than its all-time high of US\$3.4. XRP is valued at a market cap of US\$36.3 billion, making it the eighth-largest [cryptocurrency](#) right now.

An overview of Ripple

Ripple [is a payment protocol](#) that processes international currency transfers by leveraging blockchain technology. It offers market participants the dual benefit of fast processing times as well as low transaction fees and has already partnered with multiple financial institutions in this vertical. Ripple is actually a private company that launched a cryptocurrency called XRP in 2012.

By the end of 2019, Ripple already onboarded 300 financial institutions across 45 countries to use its payment network known as the RippleNet. The primary goal of RippleNet is to replace legacy payments systems such as SWIFT that is expensive and slow. Ripple, in fact, has an average transaction time of five seconds and levies a transaction fee of just 0.00001 XRP.

The Ripple blockchain network verifies transactions using a consensus protocol, where validators reviewing a transaction must accept it in order for the transaction to get executed. This allows XRP to process transactions at a low cost, making it one of the most environmentally friendly cryptocurrencies in the world.

Further, the total number of XRP tokens in circulation stands at 100 billion, all of which have been pre-mined. Ripple has already “locked” around 55 billion tokens in escrow and will release one billion tokens each month, via smart contracts. So, Ripple can sell a portion of these tokens to raise capital and put the remainder into another escrow account.

The XRP token has underperformed in 2021

As RippleNet gained traction, the XRP token touched a multi-year high of \$0.69 in November 2020. However, soon after the Securities and Exchange Commission or SEC accused Ripple of trading in unregistered securities, driving the price of the XRP token to \$0.18. According to the SEC, XRP should be viewed as a traditional investment or similar to stocks or bonds. However, Ripple argues that XRP should be viewed as a fiat currency similar to the U.S. dollar or euro.

The lawsuit meant the XRP token was delisted from major cryptocurrency exchanges, significantly impacting trading volumes and liquidity. Investors can expect the XRP token to move higher, especially if the lawsuit is resolved in the near future.

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