



XRP Cryptocurrency: Is it Still a Buy?

Description

XRP is one of the rising stars of the crypto scene. With a \$28 billion market cap, it is currently the eighth-largest crypto in the world. XRP is the native token of the Ripple payment system, which purports to facilitate payment settlement, remittances and currency exchange.

XRP has been known to occasionally deliver phenomenal returns. In 2017, it [rose 36,000% in a 12-month period](#), absolutely crushing **Bitcoin's** return in the same period. Unlike Bitcoin, however, XRP never did retake its late-2017 highs, from which it is still down considerably.

At one point, XRP was the third-largest crypto in the world by market cap. Today, it is much smaller. This looks like a situation where investors could make some money. The question is, will they?

XRP: Technical characteristics

The first thing you need to look at when analyzing any cryptocurrency is its technical characteristics. Cryptocurrencies vary considerably in their technical features, and it seems plausible that the faster, less-expensive cryptos could win out over the less-well-oiled machines.

So, what are some of XRP's technical characteristics?

According to sources, XRP has the following characteristics:

- One billion tokens outstanding
- Three- to [five-second transaction times](#)
- A relatively low transaction fee of 0.00001 XRP for most transactions

So, like many alt-coins, XRP is faster and cheaper than some of the larger players. These are desirable characteristics. However, they in themselves don't make XRP a buy. For that to be the case, we need to see that there is some demand for the coin for purposes other than speculation.

Is it used as a currency?

The gold standard for whether any cryptocurrency is legitimate is whether it is used as a currency. Even if a given coin has never been the victim of a “rug pull” or “pump and dump,” if it is not being used to buy goods and services, it is suspect. Cryptocurrency is meant to be used as a means of exchange; if a coin is not used in this way, then it is basically a chain letter scheme.

So, is XRP used as a currency?

It appears that the answer to that question is “yes.” According to Cryptwerk, there are over 1,500 stores accepting XRP. These include

- Coin Monster: a clothing store;
- WebTraffic.app: a service that claims to send web traffic to peoples’ websites; and
- BitDials: a company that sells luxury watches in exchange for crypto.

Most of these companies are catering to a niche audience of crypto fans. They definitely aren’t Fortune 500s you deal with every day. But they do at least sell real, physical goods. This is perhaps a good thing.

Foolish takeaway

As someone who doesn’t invest in cryptocurrency, I don’t intend to buy XRP anytime soon. With that said, this crypto does appear to be legitimate. It can be used in the real world to buy things, and it was launched long enough ago that you know you won’t get rug pulled in an ICO. If you have a high appetite for risk, you could do worse than XRP.

Personally, if I had to invest in crypto, I would choose a Bitcoin fund like **Purpose Bitcoin ETF**. These funds can be held in a TFSA and tax sheltered, which spares you the enormous capital gains taxes cryptocurrency holdings are normally subject to. You do pay a 1% annual fee on these funds, but capital gains taxes can go much higher than that. So, funds like BTCC.B are very interesting alternatives to direct holdings in cryptocurrencies like XRP.

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