



Ripple (CRYPTO:XRP) in 2022: Where Will it Go?

Description

Cryptocurrency investors could be in a state of shock following a multi-day selloff. **Bitcoin**, in particular, fell to as low as US\$33,184.66 at one point on January 24, 2022. According to industry observers, the cryptocurrency market lost US\$130 billion in 24 hours.

The situation is nerve-wracking, because the aggregate market cap declined US\$1.4 trillion since November 2021. Somehow, cryptos mirror the declining the stock market, including the Dow Jones and the S&P 500. **Ethereum**, the second most popular digital asset, likewise fell to its lowest point (US\$2,176.41) since July 2021.

Juthica Chou, OTC options trading head at Kraken, said that macroeconomic concerns like the Fed's response to inflation rates triggers more de-risking activity. Chou added, "The recent price drop, coupled with [high volatility](#), could be leading to further selling as participants look to reduce risk."

Stale crypto

Meanwhile, prices of other cryptos, like **Solana**, **Cardano**, **Polkadot**, and **Binance Coin**, plunged along with Bitcoin and Ethereum. However, **Ripple (CRYPTO:XRP)** appears to be the odd one out in the crypto space. It has fallen 52.27% since peaking to US\$1.28 on November 8, 2021, the same day Bitcoin recorded its new all-time high.

Ripple is currently in a [legal tussle](#) with the U.S. Securities and Exchange Commission (SEC). The lawsuit filed in December 2020 alleges that Ripple and two of its executives raised more than US\$1.3 billion through an unregistered offering of digital asset securities. Thus, the bone of contention is whether XRP, the token, is a security under the federal securities laws.

Delisting in crypto exchanges

The crypto has a market cap of US\$28.69 but is likely to remain stale, if not unattractive, unless it wins the court battle with SEC In late December 2021, **Coinbase** and Bitstamp are two of the most

prominent crypto exchanges in the U.S. that removed or delisted Ripple.

Kyle Samani, co-founder of Multicoin Capital, said the situation of XRP is bad across multiple dimensions. Besides fewer potential buyers, it could lead to lower overall liquidity. Samani added, "For XRP to work as Ripple intends, XRP needs to be very liquid, so this is particularly harmful."

Ripple has denied the allegations, claiming the SEC created an "information vacuum" that misled investors. It said the agency introduced more uncertainty into the market and, therefore, harmed the community instead of protecting it.

Extremely volatile digital currency

Ripple is a blockchain-based solution for cross-border payment processing. The Ripple blockchain process real-time payments, while other wire payments services use the platform, too. Regarding the SEC lawsuit, Ripple argues that XRP is primarily a digital currency rather than a traded security.

The company insisted that "The SEC's theory that XRP is an investment contract ignores the economic reality that XRP is, and has long been, a digital asset." It added that it has a fully functional ecosystem and a real use case as a bridge currency. Furthermore, it doesn't rely on Ripple's efforts for its functionality or price.

The SEC lawsuit against Ripple makes it an extremely volatile investment option for [growth investors](#). It will surely hamper XRP's growth and impact on liquidity. While some crypto analysts forecast a rebound soon, it's better to steer clear of this digital asset for now.

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