



## ETH vs. XRP: Should Cryptocurrency Investors Buy Ethereum or Ripple Right Now?

### Description

Unlike equities, it's difficult to value cryptocurrencies, as these digital tokens don't have any tangible business. However, you can evaluate the utility of the underlying blockchain network and analyze if it will be possible for developers to expand the ecosystem and drive token demand higher over time.

Here, we'll compare **Ethereum** ([CRYPTO:ETH](#)) with **Ripple** ([CRYPTO:XRP](#)) to see which cryptocurrency should be part of your shopping list in 2022.

### The bull case for Ethereum

Ether is the protocol token of the Ethereum network. The ETH token was introduced via an ICO, or initial coin offering, back in August 2014. Around 50 million ETH tokens were sold on day one of the ICO at a price of US\$0.31 per token, raising US\$16 million in the process. Right now, the price of one ETH token is US\$2,649, which is an increase of a staggering 8,55,000% in fewer than eight years.

So, if you'd bought \$100 worth of Ether during its ICO, your investment would be worth \$855,000 today. Ethereum is the second-largest [cryptocurrency](#) in the world, valued at a market cap of US\$317 billion.

As it was one of the first cryptocurrencies to be introduced, Ethereum enjoys a first-mover advantage. Its blockchain network was also the first to launch smart contracts, where the protocol can help two parties verify and facilitate a contract without the need of any intermediary. These smart contracts can be considered the foundation for the development of decentralized applications or dApps.

Due to its multiple use cases, the number of transactions executed on the Ethereum network increased from 200,000 in 2017 to 1.2 million in 2022. Data from TokenTerminal.com shows that [Ethereum also raked in](#) US\$6.5 billion via protocol dApp revenue in the last six months, which is far higher compared to any other blockchain network.

The Ethereum network is already making technical changes that should increase transaction speeds and lower costs significantly. These upgrades should be completed in 2023, allowing the blockchain to onboard projects at a rapid pace going forward.

## The bull case for XRP

XRP is the sixth-largest cryptocurrency in the world, valued at a market cap of US\$34.34 billion. The price of a single XRP token rose from US\$0.02 in 2015 to US\$3.04 in 2018. Its currently priced at US\$0.7168, which means investors have derived gains of 3,500% in the last seven years.

The XRP token is the preferred transaction currency of the RippleNet platform that aims to create an efficient international payment system. However, in late 2020, the Securities and Exchange Commission (SEC) alleged Ripple's executives conducted US\$1.3 billion of trades in unregistered securities.

As a result, several cryptocurrency exchanges delisted the XRP token, as its price fell to US\$0.18 by the end of 2020. Despite ongoing legal issues, XRP is among the top 20 cryptocurrencies in terms of trading volumes. Investors should expect the price of XRP to [gain significant momentum](#) if it enjoys a favourable verdict against the SEC.

## The Foolish takeaway

We can see that the utility of ETH and XRP make them enticing bets for long-term investors. However, if I have to choose one between the two, I will back Ethereum right now given its leadership position in the development and execution of smart contracts as well as the upcoming transition towards a low-cost scalable network.

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