

Ripple's XRP Could Reshape Global Payments

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Oliver Michel, a German venture capitalist known for his involvement in blockchain investment, recently stated on social media that XRP, the digital asset associated with U.S.-based company Ripple, has the potential to become the world's reserve bridge currency.

A reserve currency is a national currency that governments and institutions hold in large quantities to facilitate international trade and investment. The U.S. dollar is currently the dominant example. A bridge currency, on the other hand, enables the conversion of one

currency to another when a direct exchange is not available. XRP, according to Michel, could fulfill both roles by providing a fast, cost-effective way to process global payments.

Ripple's platform is designed to facilitate near-instant settlement of cross-border transactions. Compared to legacy systems such as SWIFT, which can take days to clear payments and involve high transaction fees, Ripple's network aims to reduce both time and cost. XRP provides on-demand liquidity, which enables quicker fund transfers without relying on traditional correspondent banking networks.

The XRP ledger can handle a high volume of transactions with relatively low costs, distinguishing it from other blockchain networks like Bitcoin and Ethereum that often experience delays and higher fees. These features support the argument for XRP's use as a bridge currency in international finance.

Ripple has also gained traction with financial institutions and payment providers, several of which have integrated Ripple's technology to streamline cross-border money transfers. As blockchain adoption grows and more countries explore the use of digital currencies, Ripple's infrastructure is positioned to benefit from increased interest in alternative financial systems.

Despite the growth, Ripple faces significant challenges. The company is currently involved in a high-profile legal battle with the U.S. Securities and Exchange Commission (SEC) over whether XRP constitutes a security. Additionally, competition from other blockchain technologies and government-backed central bank digital currencies (CBDCs) continues to increase.

Michel's comments reflect growing investor interest in Ripple's potential role in shaping global finance. While regulatory and competitive hurdles remain, XRP's design and use case continue to attract attention in the evolving digital payment landscape.