

XRP Soars 700% as Ripple Gains Momentum

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Over the past decade, cryptocurrency has transformed from a speculative novelty into a major asset class, outperforming traditional equities by a significant margin. Among the standout performers is XRP, a digital token created by Ripple Labs as part of its cross-border payment system. In the last three years alone, XRP has surged by nearly 700%, leaving the S&P 500's 51% gain over the same period in the dust.

While XRP's rise has been driven by several concrete factors, including legal and regulatory shifts, questions remain about whether the asset's value can be sustained over the long

term.

XRP's climb began accelerating after Donald Trump's re-election. His return to office signaled a more crypto-tolerant White House and led to the resignation of Gary Gensler, the former chair of the U.S. Securities and Exchange Commission (SEC). Gensler had pursued legal action against Ripple, casting a shadow over the token's legitimacy. His departure on January 20, Inauguration Day, was widely seen by markets as a positive development for Ripple.

With legal uncertainty easing, investor confidence rebounded. Additionally, growing speculation that XRP spot exchange-traded funds (ETFs) could soon be approved by U.S. regulators has provided a further tailwind. Similar ETF approvals for Bitcoin brought in significant institutional investment, and a comparable effect is expected if XRP receives the same treatment.

Ripple's RippleNet payment network also underpins interest in the token. Over 300 global financial institutions are estimated to be using the network to facilitate cross-border transactions. XRP is the native token used for liquidity within the system, enabling near-instant settlements typically in three to five seconds with fees amounting to just a fraction of a cent.

For one, not all financial institutions using RippleNet are required to utilize XRP. This limits the growth in actual demand for the token, regardless of the platform's expansion. The real utility lies in Ripple's network, not the XRP token itself, which primarily serves as a transfer mechanism.

Competition also presents a threat. While XRP currently outperforms legacy systems like SWIFT in transaction speed and cost, multiple other blockchain-based solutions are emerging with similar or even greater efficiency. Whether XRP becomes the industry standard remains uncertain.

Additionally, market watchers have flagged concerns over the broader economy. The S&P 500 is now trading near historically high valuation levels, based on the Shiller price-to-earnings ratio. The index has only been this expensive twice before, both followed by sharp downturns of 49% (dot-com bubble) and 25% (2022 market correction). Given the high volatility of cryptocurrencies, a stock market correction could have an outsized impact on XRP and similar digital assets.

XRP's dramatic rise, supported by increased institutional interest and changing regulatory winds, makes it a compelling case study in the evolution of crypto markets. However, the token's future remains closely tied to Ripple's platform performance, legal clarity, and the broader financial environment.

Investors considering XRP should be aware of both its potential and its limitations. While the short-term outlook appears promising, long-term success depends on whether XRP can secure its role in the global financial infrastructure.