

# COMPARISON OF THE TWO MOST POPULAR CROSS-BORDER PAYMENT NETWORKS

\* Global B2B Money Transfer Market (McKinsey's Global Payments Report 2018)

## RippleNet

Ripple is the company that created the Interledger Protocol which underpins their global payments network, RippleNet, which includes banks, payment providers and other financial institutions.

## SWIFT gpi

SWIFT - Society for Worldwide Interbank Financial Telecommunications. SWIFT introduced its gpi (Global Payments Innovation) initiative as a way of enhancing cross-border payments processing.

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**2012**

6 years ago

2012

2018

**1973**

45 years ago

1973

2018

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**San Francisco**

California, US

**La Hulpe**

Belgium, Europe

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**Brad Garlinghouse**

**Gottfried Leibbrandt**

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**300+**

10

**2000+**

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**150+**

banks and FIs on RippleNet

10

**160+**

banks and FIs using GPI system

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**AMERICAN EXPRESS**

**SEIB**

**PNC**

**QUALITEX**

**MUFG**

**Santander**

**Bank of America**

**SBI Holdings**

**Standard Chartered**

**Cambridge**

**CIMB BANK**

**South African Reserve Bank**

**Central Bank of Nigeria**

**citi**

**RBC**

**JPMORGAN CHASE & CO.**

**Raiffeisen BANK**

**BNP PARIBAS**

**Deutsche Bank**

**SOCIETE GENERALE**

**INTESA**

**SNIPALO**

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**RIPPLENET**

**PROCESS PAYMENTS**

xCurrent

**SOURCE LIQUIDITY**

xRapid

**SEND PAYMENTS**

xVia

⚠️ RIPPLE "CONVERGED" ALL THREE PRODUCTS IN SEPTEMBER 2018. NOW, RIPPLENET CLIENTS CAN USE ALL THREE PRODUCTS AT ANY TIME.

**GLOBAL PAYMENTS INNOVATION**

(improvements over the old SWIFT system)

same-day transfer of funds

transparent fees

end-to-end payments tracking

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**YES**

**YES**

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**YES**

**NO**

⚠️ \*SETTLEMENT MEANS THAT A CORE LEDGER IS BEING UPDATED, IN REAL-TIME. PAYMENTS ARE JUST BEING SENT BUT HAVE TO BE SETTLED ON THE BANKS LEDGER INDIVIDUALLY.

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**YES**

**NO**

⚠️ FINANCIAL INSTITUTIONS MUST PRE-FUND NOSTRO ACCOUNTS ON EACH SIDE OF A TRANSACTION IN THAT COUNTRY'S NATIVE CURRENCY TYING UP CAPITAL THAT COULD BE USED IN MORE PRODUCTIVE WAYS (AROUND \$20 TRILLION DOLLARS GLOBALLY). DIGITAL ASSET XRP CAN BE USED TO LOWER THE COST AND IMPROVE THE SPEED OF LIQUIDITY FOR THESE CROSS-BORDER TRANSACTIONS. RIPPLE'S XRAPID SOLUTION UNIQUELY USES XRP TO OFFER ON-DEMAND LIQUIDITY.

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**REAL-TIME SETTLEMENT**

(3-5 sec)

**4 sec**

**INTRA-DAY PAYMENTS**

(30 min - 24 h)

**30 min** - **24 h**

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determined by bank

determined by bank

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Bidirectional

Unidirectional

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**BLOCKCHAIN**

(RippleNet + ILP)

**SWIFT**

messaging service

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Decentralized

Centralized

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Consensus

Batch clearing and settlement

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Fiat and cryptocurrencies

Fiat only

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**KEY FEATURES**

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**ADVANTAGES**

- ✓ Moving actual value (money) in 4 seconds
- ✓ Settlement + on-demand liquidity sourcing (savings upto 60%)
- ✓ Eliminates the need for nostro/vostro accounts (freeing trillions of dollars)
- ✓ Payment processing cost is significantly reduced by eliminating SWIFT fees and other inefficiencies in the counterparty such as liquidity costs, counterparty risks and compliance costs

- ✓ Large network (10,000+ banks)
- ✓ Generally consistent process standards
- ✓ 220 international payment corridors
- ✓ 100 billion in gpi payments per day
- ✓ Hundreds of thousands of payments, which is nearly 10% of SWIFT's cross-border payments traffic

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**DISADVANTAGES**

- ✗ 60% XRP owns by Ripple company
- ✗ Volatility of the native asset XRP
- ✗ Slow adoption of the DLT by banks and FIs due to regulatory compliance policies (KYC and AML) and new blockchain technology

- ✗ Consistently targeted by hacking fraud
- ✗ Unable to pre-validate transactions
- ✗ Centralized
- ✗ 4% failure-rate

DATA AS OF OCTOBER 2018

**CONCLUSION**

Thanks to the **Ripple's** innovative and advanced distributed ledger technology (DLT) and its capabilities to address **interoperability** and **scalability** issues – SWIFT is being forced to improve payment processing standards and **correspondent banking** – a decades-old and inefficient system. At the end of the day this will benefit both users and financial institutions in the future.

Nevertheless, Ripple offers **better, faster and cheaper technology** services to its clients and customers worldwide.

**SOURCES:** Ripple, www.ripple.com  
 SWIFT, www.swift.com  
 McKinsey, www.mckinsey.com  
 Pymnts, www.pymnts.com  
 Accenture, www.accenture.com  
 Infographics (Ripple, XRP), www.stedas.hr/ripple

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BTC: 192FZKTXCMxfj1q3bCggBfhv5vZzW4wZt  
 ETH: 0xc8fB85C03D4Dd1d45E181645273103E0541785b8  
 XRP: rCoinaUERUrXb1aA7dJu8qRcmvPNIKS3d Destination Tag: 1687730800

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 Tip 0.5 XRP %

\*XRP Tip Bot is a bot that allows Reddit and Twitter users to send Ripple XRP to each other through reddit comments or Tweets.  
 How to tip: www.bit.ly/xrptipbot

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