

Ripple labs signed two us banks

[Finance](#), [Banks](#)



Ripple Labs is known for its Bitcoin-inspired payments network which allows companies to carry out low-cost international money transfers without the involvement of large Wall Street banks.

They have signed first 2 US banks as customers.

CBW Bank of Topeka, Kansas and Cross River Bank of Teaneck, NJ are the 2 banks. CBW Bank is 122-year-old and Cross River Bank is pretty old too. Their acceptance of the Ripple model signals a milestone for the Silicon Valley start-up.

The executive vice-president of business development at Ripple Bank, Patrick Griffin, mentioned that the system allows smaller banks to transact money overseas by connecting to other Ripple clients like Fidor Bank of Germany.

They may also offer low-cost cross-border transfer services to several small banks in US.

He stated that the main advantage of this is that the banks would not have to be said, is that smaller banks would not need to deal with correspondent banks like J. P. Morgan & Co., Standard & Chartered, HSBC Holdings and Wells Fargo to conduct this business.

This means they will save a lot of money as they can ignore the accompanying fees, foreign exchange spread costs and the large collateral commitments that bigger banks ask for.

Griffin also explained that in 40 years, this is the first practical alternative to correspondent banking. Regional banks can save a lot of money now as they will no longer have to send money through intermediaries.

The protocol that runs Ripple allows direct fund transfers and also foreign exchange transactions between different institutions. To make sure trades are executed and settled properly, a network of specialized computers is used.

Ripple Labs promises small institutions that they can trust each other for direct transactions. They no longer have to spend large amounts of capital to back up the transactions.

This decentralized network is very similar to the payment system of Bitcoin and other crypto currencies. In both the systems, the member computers work with a common set of software-driven rules that confirm transactions.

One major difference is the time taken. Bitcoin transaction can take up to 10 minutes but transaction in Ripple happens instantly.

Another difference between Ripple and Bitcoin is that the system for confirming transactions. The digital currency's method of confirming transactions is based on the independent miners who contend for Bitcoin.

The “ validators” in the Ripple network contribute without the reward and competition.

Suresh Ramamurthi, chief technology officer and the chairman at CBW Bank, said that Ripple offered them with a way around an “ antiquated” system.

Ramamurthi said that today’s banks use old paper ledgers, which is similar to what was used 300 years ago. He is delighted to shift to an electronic form, giving digital skin to the antiquated transaction process.

He said proudly that now they are among the first banks in the world that give customers a reliable and secure method to send and receive money across borders instantly. Acceptance of the new technique is a step-forward for these US banks.