Coinbase Lists XRP — Why Is That Such a Big Deal?

The massive cryptocurrency exchange Coinbase enabled full trading of its XRP/USD, XRP/EUR and XRP/BTC order books for users of its "Pro" service this week, with likely plans to expand the offering to its retail platforms. Though XRP has been a top cryptocurrency by market capitalization for months, Coinbase has hesitated to add it to its listings and the recent move toward doing so has caught some by surprise. So what makes the addition of XRP, or its long-standing exclusion, so important?

XRP is the token utilized by XRP Ledger, and it is meant to solve one of the major pain points that other cryptocurrencies hope to solve too: improving cross-border payments. Ideally, XRP functions as a bridge currency between other media of exchange and can facilitate transfers between large entities.

But the cryptocurrency is not without its detractors. XRP hopes to work closely with major financial institutions, while many crypto proponents believe cryptocurrency as a concept is ideally suited to overthrow these institutions. Some argue that the banks XRP touts as adopters are really embracing the payment processor product xCurrent, which has no direct association with XRP tokens. And perhaps most controversial for those who value complete decentralization above all else is the reported fact that Ripple, a remittance network, owned 62 percent of all XRP coins in existence as recently as last month.

Adding substantial fuel to the fire around XRP and its place within the cryptocurrency ecosystem is the dedication of its online fans (though that is hardly uncommon in the space) and Twitter bots. For instance, when the crypto data reporting service Messari released a report claiming XRP’s market capitalization could be overstated by billions, Messari’s founder
received threats against his life and his family.

Given the above, any significant move around XRP draws more than its fair share of detraction and praise. And a listing on Coinbase is more than significant. With this addition to possibly the world’s most accessible cryptocurrency exchange, it can be assumed that investment in XRP tokens will increase dramatically if and when they become available on the retail platform.

On Twitter, it’s easy to find those who support the addition and those who criticize it. But there may be even more than social media controversy at stake here for Coinbase. The U.S. Securities and Exchange Commission has still not decided whether XRP qualifies as an unregistered security, and it may very well regulate the cryptocurrency more heavily — potentially exposing Coinbase for listing it.

And some have criticized Coinbase’s decision on the grounds that listing XRP does not sync with the exchange’s own frameworks.

“Coinbase has now clearly abandoned one of their own pillars for the potential listing of a cryptocurrency,” Diar reported. “In their own Digital Asset Framework that outlines requirements to be listed, the exchange states that ‘the ownership stake retained by the team is a minority stake,’ a fact far from reality as Ripple holds nearly 60% of the supply in escrow with a release schedule.”

At the time of this writing, it still remains to be seen how XRP will be listed more widely on Coinbase for larger mainstream investment and what that will really mean for the token. What is clear, and has always been clear for those following XRP, is that no other major cryptocurrency draws as much support and ire simultaneously. And in this space, that is really saying something.