

Will Stellar Lumens win the crypto remittance battle?



Stellar Lumens {XLM}

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A growing number are looking at [Stellar Lumens](#) as a potential alternative payment system, (XLM already has a development contract with IBM), who are looking at using the technology to transmit payments instantaneously around the world, at an incredibly low cost. Ironically, it is this low cost that could prove to be XLM's Achilles heel.

Bitcoin was devised as a decentralised ledger, and a means of payment anywhere in the world, either person to person, or to merchants participating in bitcoin. This works as intended, but the problem with bitcoin as it has grown has been the slowness of validating transactions, due to the higher number of transactions, and the validation required on all the ledgers before a transaction is confirmed.

This is problematic, as the price is so volatile, and whilst buying a cup of coffee in Starbucks would produce only a small variance in price, and something a merchant could absorb, buying something like a car or house won't work as the variance could be significant in monetary terms. The only way for a larger item to be purchased is to wait for the validation to ensure there was not a financial loss during the processing delay.

Clearly, in a world of instantaneous gratification, a delay of 15 minutes simply doesn't work, and the IBM solution to this problem is to create a stablecoin, running on the Stellar Blockchain, where instead of, say, converting US dollars to Stellar Lumens, and then into Mexican Pesos, the lumen value would be linked to the dollar, so as to eliminate the rapid fluctuations in value experienced with Bitcoin and other cryptos such as XLM. The only variation is this example would be US\$ to Peso, which is far more stable.

Looking at fees charged per transaction, Bitcoin fees over the past year have ranged from a low of \$0.58 to over \$50, and Ethereum's, from a low of \$0.13 to over \$5. Stellar's transaction fees, on the otherhand, have remained fixed at 0.00001 XLM per transaction, giving them a strong advantage versus their competition.

It is this low fee that means that unless they can achieve a massive amount of transactions, it will prevent the value of the lumen from rising. If they do achieve critical mass, they will reward their early investors handsomely. Adoption by IBM will be crucial.

So, Stellar Lumens have a speed advantage, a low fee advantage, and IBM as a major developer of an international transaction network based on the Stellar Blockchain, which is an awful lot going for them, in my opinion.

Clearly any serious crypto investor needs to keep an eye on Stellar, and how IBM's idea develops, there may be a very real opportunity here if things work out well.

