SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 31, 1997

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from   to   .
                                 ----   ----
Commission File Number 0-25346

TRANSACTION SYSTEMS ARCHITECTS, INC.
(Exact name of registrant as specified in its charter)

Delaware   47-0772104
(State or other jurisdiction of   (I.R.S.Employer
 incorporation or organization)   Identification No.)

224 South 108th Avenue
Omaha, Nebraska 68154
(Address of principal executive offices, including zip code)

(402) 334-5101
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required
to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during
the preceding 12 months (or for such shorter period that the registrant was
required to file such reports), and (2) has been subject to such filing
requirements for the past 90 days.

Yes   X   No   .
     ----   ----
Indicate the number of shares outstanding of each of the issuer's classes of
common stock as of the latest practicable date:

26,963,657 shares of Class A Common Stock at January 30, 1998
1,171,252 shares of Class B Common Stock at January 30, 1998

TRANSACTION SYSTEMS ARCHITECTS, INC.
FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED DECEMBER 31, 1997
TABLE OF CONTENTS

Page

Part I - FINANCIAL INFORMATION

Part II - OTHER INFORMATION

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                              TRANSACTION SYSTEMS ARCHITECTS, INC.
                              CONDENSED CONSOLIDATED BALANCE SHEETS
                                  (unaudited and in thousands)


                                                    December 31,        September 30,
                                                       1997                 1997
                                                  -----------------    ----------------

                              ASSETS


Current assets:
    Cash and cash equivalents               $           46,966    $           46,600
    Billed receivables, net                             40,501                39,864
    Accrued receivables                                 25,399                25,063
    Deferred income taxes                                4,044                 3,517
    Other                                                3,184                 3,043
                                                  -----------------    ----------------

        Total current assets                           120,094               118,087

Property and equipment, net                             16,392                16,263
Software, net                                            6,504                 6,105
Intangible assets, net                                   9,431                 9,539
Installment receivables                                  1,298                 2,394
Investment and notes receivable                         11,244                 7,969
Other                                                    4,792                 4,877
                                                  -----------------    ----------------

        Total assets                         $          169,755    $          165,234
                                                  =================    ================


                         LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:
    Current portion of long-term debt        $              802    $              768
    Current portion of capital lease obligations            551                   524
    Accounts payable                                      6,325                 7,896
    Accrued employee compensation                         4,278                 5,559
    Accrued liabilities                                   8,345                 9,048
    Income taxes                                          8,419                 6,230
    Deferred revenue                                     26,574                28,792
                                                  -----------------    ----------------

        Total current liabilities                        55,294                58,817

Long-term debt                                           1,609                 1,465
Capital lease obligations                                1,013                   914
                                                  -----------------    ----------------

        Total liabilities                                57,916                61,196
                                                  -----------------    ----------------

Stockholders' equity:
    Class A Common Stock                                    135                   134
    Class B Common Stock                                      6                     6
    Additional paid-in capital                          104,626               103,708
    Accumulated translation adjustments                   (618)                 (260)
    Retained earnings                                     7,702                   462
    Treasury stock, at cost                                (12)                  (12)
                                                  -----------------    ----------------

        Total stockholders' equity                      111,839               104,038
                                                  -----------------    ----------------

        Total liabilities and stockholders' equity $    169,755    $          165,234
                                                  =================    ================


See notes to condensed consolidated financial statements.
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                      TRANSACTION SYSTEMS ARCHITECTS, INC.
                    CONDENSED CONSOLIDATED STATEMENTS OF INCOME
                  (unaudited and in thousands, except per share amounts)


                                              Three Months Ended December 31,
                                              --------------------------------
                                                  1997              1996
                                              -------------     -------------

Revenues:
    Software license fees                 $       35,774    $       27,139
    Maintenance fees                              11,349            10,106
    Services                                      12,548            12,041
    Hardware, net                                  1,388               553
                                              -------------     -------------

        Total revenues                            61,059            49,839
                                              -------------     -------------

Expenses:
    Cost of software license fees:
        Software costs                             7,282             5,555
        Amortization of purchased software            -               801
    Cost of maintenance and services              13,335            12,712
    Research and development                        5,505             4,079
    Selling and marketing                         13,752            10,569
    General and administrative:
        General and administrative costs           9,674             8,291
        Amortization of goodwill and purchased
          intangibles                                315               217
                                              -------------     -------------

        Total  expenses                           49,863            42,224
                                              -------------     -------------

Operating income                                  11,196             7,615
                                              -------------     -------------


Other income (expense):
    Interest income                                  591               442
    Interest expense                                 (20)              (57)
    Other                                            (80)             (317)
                                              -------------     -------------

        Total other                                  491                68
                                              -------------     -------------

Income before income taxes                        11,687             7,683
Provision for income taxes                        (4,447)           (3,415)
                                              -------------     -------------


Net income                              $        7,240    $        4,268
                                              =============     =============

Earnings Per Share Data:
    Basic:
        Net income                      $         0.26    $         0.15
                                              =============     =============

        Average shares outstanding                28,071            27,756
                                              =============     =============


    Diluted:
        Net income                      $         0.25    $         0.15
                                              =============     =============

        Average shares outstanding                29,064            28,613
                                              =============     =============
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See notes to condensed consolidated financial statements.

TRANSACTION SYSTEMS ARCHITECTS, INC.
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
For the three months ended December 31, 1997
(unaudited and in thousands)

	Class A Common Stock	Class B Common Stock	Additional Paid-in Capital	Accumulated Translation Adjustments	Retained Earnings	Treasury Stock	Total
Balance, September 30, 1997	$ 134	$ 6	$ 103,708	$ (260)	$ 462	$ (12)	$ 104,038
Exercise of stock options	1		217				218
Tax benefit of stock options exercised			517				517
Sale of Class A Common Stock pursuant to Employee Stock Purchase Plan			184				184
Net Income					7,240		7,240
Translation adjustments				(358)			(358)
Balance, December 31, 1997	$ 135	$ 6	$ 104,626	$ (618)	$ 7,702	$ (12)	$ 111,839

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                         TRANSACTION SYSTEMS ARCHITECTS, INC.
                     CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
                             (unaudited and in thousands)
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	Three months ended December 31,	
	1997	1996
Cash flows from operating activities:		
Net income	$ 7,240	$ 4,604
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	1,493	1,295
Amortization	988	1,637
Increase in receivables, net	(1,623)	(8,222)
(Increase) decrease in other current assets	(79)	2,445
(Increase) decrease in installment receivables	1,096	(196)
Increase in other assets	(558)	(97)
Decrease in accounts payable	(1,616)	(951)
Decrease in accrued employee compensation	(1,331)	(1,919)
Increase (decrease) in accrued liabilities	(285)	1,486
Increase (decrease) in income tax liabilities	2,706	(613)
Increase (decrease) in deferred revenue	(2,334)	4,804
Net cash provided by operating activities	5,697	4,273
Cash flows from investing activities:		
Purchases of property and equipment	(1,217)	(1,843)
Purchase of software	(1,006)	(643)
Acquisition of businesses, net of cash acquired	(100)	33
Additions to investment and notes receivable	(3,231)	(1,691)
Net cash used in investing activities	(5,554)	(4,144)
Cash flows from financing activities:		
Proceeds from issuance of Class A Common Stock	184	197
Distribution to RVS owners	-	(1,014)
Proceeds from exercise of stock options	217	161
Payments on capital lease obligations	(49)	(32)
Net cash provided by (used in)financing activities	352	(688)
Effect of exchange rate fluctuations on cash	(129)	178
Increase (decrease) in cash and cash equivalents	366	(381)
Cash and cash equivalents, beginning of period	46,600	32,751
Cash and cash equivalents, end of period	$ 46,966	$ 32,370

See notes to condensed consolidated financial statements.

TRANSACTION SYSTEMS ARCHITECTS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Consolidated Financial Statements

The condensed consolidated financial statements at December 31, 1997 and for the
three months ended December 31, 1997 and 1996 are unaudited and reflect all
adjustments (consisting only of normal recurring adjustments) which are, in the
opinion of management, necessary for a fair presentation of the financial
position and operating results for the interim periods. The condensed
consolidated financial statements should be read in conjunction with the
consolidated financial statements and notes thereto, together with management's
discussion and analysis of financial condition and results of operations,
contained in the Company's Annual Report on Form 10-K for the fiscal year ended
September 30, 1997. The results of operations for the three months ended
December 31, 1997 are not necessarily indicative of the results for the entire
fiscal year ending September 30, 1998.

The condensed consolidated financial statements include all domestic and foreign
subsidiaries which are more than 50% owned and controlled. Investments in
companies less than 20% owned are carried at cost.

2. Earnings Per Share

Effective October 1, 1997, the Company adopted Statement of Financial Accounting
Standards No. 128, "Earnings Per Share." Basic earnings per share is computed by
dividing net income by the weighted average number of shares of common stock
outstanding during the periods. Diluted earnings per share is computed by
dividing net income by the sum of the weighted average number of shares of
common stock outstanding and the potential dilutive effect from the Company's
stock-based incentive plans.

3. Acquisitions

In October 1996, the Company completed the acquisition of Open Systems
Solutions, Inc. (OSSI). Stockholders of OSSI received 210,000 shares of TSA
Class A Common Stock in exchange for 100% of OSSI's common stock. The stock
exchange was accounted for as a pooling of interests. OSSI's results of
operations prior to the acquisition were not material.

In May 1997, the Company completed the acquisition of Regency Voice Systems,
Inc. and related entities (RVS). Shareholders of RVS received 1,615,383 shares
of TSA Class A Common Stock in exchange for 100% of RVS's shares. The stock
exchange was accounted for as a pooling of interests. The accompanying condensed
consolidated financial statements have been restated to reflect the results of
operations of RVS.

Prior to the acquisition, RVS was taxed primarily as a partnership and,
accordingly, taxable income was included in the personal tax of RVS owners who
were responsible for the payment of taxes thereof. Net income, basic earnings
per share and diluted earnings per share for the three months ended December 31,
1996 on the accompanying condensed statement of operations reflects a pro forma
tax provision of $336,000 for combined federal and state income taxes to report
income taxes on the basis of which income taxes will be reported in future
periods.

4. Investment and Notes Receivable

In January 1996, the Company entered into a transaction with Insession, Inc.
(Insession) whereby the Company acquired a 7.5% minority interest in Insession
for $1.5 million. In addition, the Company has extended $5.8 million in
promissory notes as of December 31, 1997. The promissory notes bear an interest
rate of prime plus 0.25%, and are payable in January 1999 ($1.0 million),
January 2000 ($1.0 million) and January 2001 ($1.5 million). The remaining $2.3
million of promissory notes are payable upon demand. The promissory notes are
secured by future royalties owed by the Company to Insession.

The Company has extended a $4.5 million line of credit facility to U.S.
Processing, Inc. (USPI), a transaction processing business in which the company
has a 19.9% ownership interest. As of December 31, 1997, borrowings under the
line of credit totaled $3.6 million.

TRANSACTION SYSTEMS ARCHITECTS, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS

Results of Operations

The following table sets forth certain financial data and the percentage of total revenues of the
Company for the periods indicated:

		Three Months Ended December 31,		
		1997		1996
	Amount	% of Revenue	Amount	% of Revenue
Revenues:				
Software license fees	$ 35,774	58.6 % $	27,139	54.5 %
Maintenance fees	11,349	18.6	10,106	20.3
Services	12,548	20.6	12,041	24.2
Hardware, net	1,388	2.2	553	1.0
Total revenues	61,059	100.0	49,839	100.0
Expenses:				
Cost of software license fees:				
Software costs	7,282	11.9	5,555	11.1
Amortization of purchased software	0	0.0	801	1.6
Cost of maintenance and services	13,335	21.8	12,712	25.5
Research and development	5,505	9.0	4,079	8.2
Selling and marketing	13,752	22.5	10,569	21.2
General and administrative:				
General and administrative costs	9,674	15.8	8,291	16.6
Amortization of goodwill and purchased intangibles	315	0.7	217	0.5
Total expenses	49,863	81.7	42,224	84.7
Operating income	11,196	18.3	7,615	15.3
Other income (expense):				
Interest income	591	1.0	442	0.9
Interest expense	(20)	0.0	(57)	(0.1)
Other	(80)	(0.2)	(317)	(0.7)
Total other	491	0.8	68	0.1
Income before income taxes	11,687	19.1	7,683	15.4
Provision for income taxes	(4,447)	(7.2)	(3,415)	(7.0)
Net income	$ 7,240	11.9 % $	4,268	8.6 %

Results of Operations (continued)
- --------------------------------

Revenues
Total revenues for the first quarter of fiscal 1998 increased 22.5% or $11.2
million over the comparable period in fiscal 1997. Of this increase, $8.7
million of the growth resulted from a 31.8% increase in software license fee
revenue, $500,000 from a 4.2% increase in services revenue, $1.2 million from a
12.3% increase in maintenance fee revenue and an $800,000 increase in hardware
revenue.

The growth in software license fee revenue is the result of increased demand for
the Company's BASE24 products and continued growth of the installed base of
customers paying monthly license fee (MLF) revenue. Contributing to the strong
demand for the Company's products is the continued world-wide growth of
electronic payment transaction volume and the growing complexity of electronic
payment systems. MLF revenue was $9.6 million in the first quarter of fiscal
1998 compared to $7.2 million in the first quarter of fiscal 1997.

The growth in services revenue for the first quarter of fiscal 1998 is the
result of increased demand for technical and project management services which
is a direct result of the increased installed base of the Company's BASE24
products.

The increase in maintenance fee revenue for the first quarter of fiscal 1998 is
a result of the continued growth of the installed base of the Company's BASE24
products.

The increase in hardware revenue is due to an increase in commissions received
from Tandem Computers Incorporated (Tandem). The agreement with Tandem expired
on December 31, 1997 and is expected to be replaced by an arrangement whereby
Tandem will terminate the payment of commissions to the Company and replace
these payments with market development funding. This market development funding
is expected to be substantially less than the Company received under the prior
agreement.

Expenses
Total operating expenses for the first quarter of fiscal 1998 increased 18.1% or
$7.6 million over the comparable period in fiscal 1997. The primary reason for
the overall increase in operating expenses is the increase in staff required to
support the increased demand for the Company's products and services. Total
staff (including both employees and independent contractors) increased from
1,391 at December 31, 1996 to 1,608 at December 31, 1997.

The Company's operating margin for the first quarter of fiscal 1998 was 18.3% as
compared to 15.3% for the comparable period in fiscal 1997. This improvement is
primarily due to the impact of the growth in the Company's recurring revenues
(MLF's, maintenance and facilities management fees) and the conclusion in
December 1996 of the amortization of purchased software associated with the
acquisition of Applied Communications, Inc. (ACI) and Applied Communications
Inc. Limited (ACIL) in December 1993.

The Company's gross margin (total revenues minus cost of software and cost of
maintenance and services) for the first quarter of fiscal 1998 was 66.2% as
compared to 61.7% for the comparable period in fiscal 1997. The improvements are
principally due to the conclusion of software amortization in December 1996
associated with the acquisitions of ACI and ACIL.

EBITDA
The Company's earnings before interest expense, income taxes, depreciation and
amortization (EBITDA) increased from $10.5 million in the first quarter of
fiscal 1997 to $13.7 million for the first quarter of fiscal 1998. The increase
in EBITDA can be attributed to the continued growth in both recurring and
non-recurring revenues more than offsetting the growth in operating expenses.
EBITDA is not intended to represent cash flows for the periods.

Income Taxes
The effective tax rate for the first quarter of fiscal 1998 was 38.1% as
compared to 39.1% for all of fiscal 1997. The decrease in the effective rate is
principally the result of deferred tax assets which were recognized in the first
quarter of fiscal 1998 which reduced the effective proforma tax rate for that
period with no corresponding recognition of deferred tax assets in the first
quarter of fiscal 1997.

As of December 31, 1997, the Company has deferred tax assets of $16.6 million
and deferred tax liabilities of $0.4 million. Each quarter, the Company
evaluates its historical operating results as well as its projections for the
future to determine the realizability of the deferred tax assets. This analysis
indicated that $4.0 million of the deferred tax assets were more likely than not
to be realized. Accordingly, the Company has recorded a valuation allowance of
$12.6 million as of December 31, 1997.

The Company intends to analyze the realizability of the net deferred tax assets
at each future reporting period. Such analysis may indicate that the realization

of various deferred tax benefits is more likely than not and, therefore, the valuation reserve may be reduced.

Backlog
As of December 31, 1997 and 1996, the Company had non-recurring revenue backlog of $28.1 million and $21.9 million, respectively, in software license fees and $23.2 million and $14.6 million, respectively, in services. The Company includes in its non-recurring revenue backlog all fees specified in contracts which have been executed by the Company to the extent that the Company contemplates recognition of the related revenue within one year. There can be no assurance that the contracts included in non-recurring revenue backlog will actually generate the specified revenues or that the actual revenues will be generated within the one year period.

As of December 31, 1997 and 1996, the Company had recurring revenue backlog of $98.2 million and $75.0 million, respectively. The Company defines recurring revenue backlog to be all monthly license fees, maintenance fees and facilities management fees specified in contracts which have been executed by the Company and its customers to the extent that the Company contemplates recognition of the related revenue within one year. There can be no assurance, however, that contracts included in recurring revenue backlog will actually generate the specified revenues or that the actual revenues will be generated within the one year period.

Liquidity and Capital Resources
As of December 31, 1997, the Company had working capital of $64.8 million which includes cash and cash equivalents of $47.0 million. The Company has a $10 million bank line of credit of which there are no borrowings outstanding. The bank line of credit expires on June 30, 1998.

During the three months ended December 31, 1997, the Company's cash flow from operations amounted to $5.7 million and cash used in investing activities amounted to $5.9 million. Of the $5.9 of cash used in investing activities, $1.3 million consisted of advances to Insession under promissory notes and $1.6 consisted of advances to USPI under a line of credit.

In the normal course of business, the Company evaluates potential acquisitions of complementary businesses, products or technologies. In October 1996, the Company acquired 100% of OSSI in exchange for 210,000 shares of the Company's Class A Common Stock. In May 1997, the Company acquired 100% of RVS in exchange for 1,615,383 shares of the Company's Class A Common Stock.

Management believes that the Company's working capital, cash flow generated from operations and borrowing capacity are sufficient to meet the Company's working capital requirements for the foreseeable future.

Year 2000
Management has initiated a Company-wide program to prepare the Company's computer systems and applications as well as the Company's product offerings for the year 2000. The Company expects to incur internal staff costs as well as consulting and other expenses related to system enhancements and product modifications for the year 2000. The majority of the Company's product offerings are currently year 2000 compliant. The total cost to be incurred by the Company for all year 2000 related projects is not expected to have a material impact on the future results of operations. However, there could be a material adverse effect on the results of operations of the Company if the system enhancements and product modifications for the year 2000 prove not to be effective.

Item 6.   Exhibits and Reports on Form 8-K

                   (a) Exhibits

                          27.00   Financial Data Schedule

                   (b) Reports on Form 8-K

                          None

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: February 12, 1998

                              TRANSACTION SYSTEMS ARCHITECTS, INC
                              (Registrant)

                              /s/ Dwight G. Hanson

                              Dwight G. Hanson
                              Principal Accounting Officer

TRANSACTION SYSTEMS ARCHITECTS, INC.

                         INDEX TO EXHIBITS

Exhibit
Number   Description
- --------   ---------------

27.00   Financial Data Schedule

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                          5
                       1000


                     3-MOS
          SEP-30-1998
            OCT-01-1997
            DEC-31-1997
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