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 June 30, 1996

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 incorporation or organization)	(I.R.S. Employer Identification No.)

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

(402) 390-7600
(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 issuers classes of common stock as of the latest practicable date:

22,473,848 shares of Class A Common Stock at July 31, 1996
2,971,252 shares of Class B Common Stock at July 31, 1996

TRANSACTION SYSTEMS ARCHITECTS, INC.
FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED JUNE 30, 1996

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TRANSACTION SYSTEMS ARCHITECTS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS)

	June 30, 1996 (unaudited)	September 30, 1995
ASSETS		
Current assets:		
Cash and cash equivalents	$ 22,946	$ 35,507
Receivables, net	48,943	39,589
Other	4,772	3,697
Total current assets	76,661	78,793
Property and equipment, net	12,338	9,513
Software, net	5,083	5,908
Intangible assets, net	7,206	2,027
Installment receivables	1,029	1,505
Investment and notes receivable	7,275	500
Other	2,046	1,896
Total assets	$ 111,638	$ 100,142
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 741	$ -
Current portion of capital lease obligations	314	456
Accounts payable	5,654	4,949
Accrued employee compensation	3,861	4,564
Accrued liabilities	6,273	7,407
Income taxes	4,607	3,264
Deferred revenue	18,753	19,487
Total current liabilities	40,203	40,127
Long-term debt	1,421	-
Capital lease obligations	126	318
Total liabilities	41,750	40,445
Stockholders' equity:		
Class A Common Stock	112	56
Class B Common Stock	15	7
Additional paid-in capital	93,557	92,641
Accumulated translation adjustments	(272)	(354)
Accumulated deficit	(23,512)	(32,641)
Treasury stock, at cost	(12)	(12)
Total stockholders' equity	69,888	59,697
Total liabilities and stockholders' equity	$ 111,638	$ 100,142

See notes to condensed consolidated financial statements.

TRANSACTION SYSTEMS ARCHITECTS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED AND IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	1996	1995	1996	1995
Revenues:				
Software license fees	$ 19,853	$ 14,234	$ 55,614	$ 39,721
Maintenance fees	9,022	7,530	25,786	21,567
Services	10,043	6,137	25,778	17,230
Hardware, net	977	1,200	3,279	3,283
Total revenues	39,895	29,101	110,457	81,801
Expenses:				
Cost of software license fees:				
Software costs	5,085	2,750	13,516	8,859
Amortization of purchased software	783	792	2,356	2,374
Purchased contracts in progress	-	-	-	2,956
Cost of maintenance and services	10,158	7,009	27,245	19,358
Research and development	3,567	3,620	10,944	8,816
Selling and marketing	7,935	7,313	23,594	20,286
General and administrative:				
General and administrative costs	6,852	4,324	18,226	13,288
Amortization of goodwill and purchased intangibles	157	50	452	294
Total expenses	34,537	25,858	96,333	76,231
Operating income	5,358	3,243	14,124	5,570
Other income (expense):				
Interest income	444	282	1,580	617
Interest expense	(39)	(27)	(145)	(1,674)
Other	(99)	58	(180)	98
Total other	306	313	1,255	(959)
Income before income taxes	5,664	3,556	15,379	4,611
Provision for income taxes	(2,413)	(718)	(6,250)	(834)
Net income before extraordinary loss	3,251	2,838	9,129	3,777
Extraordinary loss	-	-	-	(2,750)
Net income	$ 3,251	$ 2,838	$ 9,129	$ 1,027
Net income per common and equivalent share:				
Before extraordinary loss	$ 0.12	$ 0.12	$ 0.34	$ 0.17
Extraordinary loss	-	-	-	(0.12)
Net income	$ 0.12	$ 0.12	$ 0.34	$ 0.05
Weighted average shares outstanding	26,802	24,371	26,658	21,961

See notes to condensed consolidated financial statements.

TRANSACTION SYSTEMS ARCHITECTS, INC.
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
FOR THE NINE MONTHS ENDED JUNE 30, 1996
(UNAUDITED AND IN THOUSANDS)

	Class A Common Stock	Class B Common Stock	Additional Paid-in Capital	Accumulated Translation Adjustments	Accumulated Deficit	Treasury Stock	Total
Balance, September 30, 1995	$ 56	$ 7	$ 92,641	$ (354)	$ (32,641)	$ (12)	$ 59,697
Issuance of Class A Common Stock			162				162
Two-for-one stock split	56	8	(64)				0
Exercise of stock options			818				818
Net Income					9,129		9,129
Translation adjustments				82			82
Balance, June 30, 1996	$ 112	$ 15	$ 93,557	$ (272)	$ (23,512)	$ (12)	$ 69,888

See notes to condensed consolidated financial statements.

TRANSACTION SYSTEM ARCHITECTS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED AND IN THOUSANDS)

	Nine Months Ended June 30,	
	1996	1995
Cash flows from operating activities:		
Net income	$ 9,129	$ 1,027
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	3,087	2,855
Amortization	4,134	3,844
Extraordinary loss	-	2,750
Increase in receivables, net	(7,398)	(2,434)
Decrease in contracts in progress	-	2,955
Increase in other current assets	(368)	(948)
Decrease in installment receivables	476	428
Increase in other assets	(927)	(1,817)
Increase (decrease) in accounts payable	321	(2,002)
Decrease in accrued employee compensation	(883)	(896)
Increase (decrease) in accrued liabilities	(1,761)	1,392
Increase in income tax liabilities	1,355	-
Increase (decrease) in deferred revenue	(1,109)	2,270
Net cash provided by operating activities	6,056	9,424
Cash flows from investing activities:		
Purchases of property and equipment	(4,797)	(2,972)
Additions to software	(1,786)	(873)
Acquisiton of businesses, net of cash acquired	(5,196)	-
Additions to investment and notes receivable	(7,276)	-
Net cash used in investing activities	(19,055)	(3,845)
Cash flows from financing activities:		
Proceeds from issuance of Preferred Stock	-	143
Proceeds from issuance of Class B Common Stock and Warrants	-	1,754
Proceeds from issuance of Class A Common Stock	162	32,259
Payment of Preferred Stock Dividends	-	(1,825)
Purchase of Treasury Stock	-	(12)
Proceeds from exercise of stock options	818	-
Proceeds from long-term debt	-	2,750
Payments of long-term debt	(20)	(29,750)
Payments on capital lease obligations	(341)	(343)
Net cash provided by financing activities	619	4,976
Effect of exchange rate fluctuations on cash	(181)	66
Net increase (decrease) in cash and cash equivalents	(12,561)	10,621
Cash and cash equivalents, beginning of period	35,507	3,505
Cash and cash equivalents, end of period	$ 22,946	$ 14,126

See notes to condensed consolidated financial statements.

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

1. GENERAL

Transaction Systems Architects, Inc. (TSA or the Company) was formed on November 2, 1993 for the purpose of acquiring all of the outstanding capital stock of Applied Communications, Inc. (ACI) and Applied Communications Inc Limited (ACIL). The Company did not have substantive operations prior to the acquisition of ACI and ACIL. On January 3, 1994, the Company acquired U.S. Software, Inc. (USSI).

The condensed consolidated financial statements at June 30, 1996 and for the three and nine months then ended 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 Form 10-K for the fiscal year ended September 30, 1995. The results of operations for the nine months ended June 30, 1996 are not necessarily indicative of the results for the entire fiscal year ending September 30, 1996.

2. NET INCOME PER COMMON AND EQUIVALENT SHARE

Net income per common and equivalent share is based on the weighted average number of common equivalent shares outstanding during each period. Common equivalent shares include Redeemable Preferred Stock and Redeemable Convertible Class B Common Stock and Warrants. Pursuant to Securities and Exchange Commission Staff Accounting Bulletin No. 83, all shares and options issued since inception (November 2, 1993) have been treated as if they were outstanding for all periods prior to December 31, 1994, including periods in which the effect is antidillutive. For periods subsequent to December 31, 1994, net income per common and common equivalent share is determined by dividing net income by the weighted average number of shares of common stock and dilutive common equivalent shares outstanding during each period using the treasury stock method.

3. PUBLIC OFFERINGS

The Company completed an initial public offering in March 1995. The Company sold 2,412,500 shares of Class A Common Stock at a price of $15 per share resulting in net proceeds to the Company, after deducting the underwriting discount and offering expenses, of approximately $32.3 million.

In August 1995, the Company completed the issuance of an additional 1,000,000 shares of Class A Common Stock through a public offering, resulting in net proceeds to the Company, after deducting the underwriting discount and offering expenses, of approximately $22.4 million.

The Company used a portion of the March 1995 initial public offering proceeds to repay all outstanding bank indebtedness.

4. STOCK SPLIT

On June 7, 1996, the Company's Board of Directors authorized a two-for-one stock split effected in the form of a 100% stock dividend to be distributed on July 1, 1996 to shareholders of record on June 17, 1996. All references in the condensed consolidated financial statements to number of shares and per share amounts have been restated to retroactively reflect the stock split.

5. ACQUISITIONS AND SUBSEQUENT EVENT

On October 2, 1995, the Company acquired the capital stock of M.R. GmbH, a German software company, for $3.4 million. The acquisition was accounted for under the purchase method and was financed with existing cash and future payments to the sellers.

The long-term debt on the accompanying condensed consolidated balance sheet consists of future payments payable to the former owners of M.R. GmbH. The debt is payable in installments of $745,000 in December 1996, $745,000 in December 1997 and $367,000 in December 1998.

On June 3, 1996, the Company acquired substantially all of the net assets of TXN Solution Integrators (TXN), a Canadian partnership, for $3.6 million in cash and the assumption of certain liabilities of TXN. The acquisition was accounted for under the purchase method of accounting and, accordingly, the cost in excess of the fair value of the net tangible assets acquired was allocated to software ($350,000) and goodwill ($2,000,000).

The following represents pro forma results of operations for the three and nine months ended June 30, 1996 and 1995 as if the TXN acquistion had occurred October 1, 1994 (in thousands except per share amounts):

	Three months ended June 30, 1996	1995	Nine months ended June 30, 1996	1995
Revenues	$41,229	$31,272	$116,321	$88,278
Net income before extraordinary loss	$ 3,306	$ 3,086	$ 9,458	$ 4,382
Net income	$ 3,306	$ 3,086	$ 9,458	$ 1,632
Net income per share	$ .12	$ .13	$ .35	$ .07

The pro forma financial information are shown for illustrative purposes only and are not necessarily indicative of the future results of operations of the Company or results of operations of the Company that would have actually occurred had the transaction been in effect for the periods presented

On July 15, 1996, the Company and Grapevine Systems, Inc. (Grapevine) announced the execution of a stock exchange agreement between the two companies. The agreement provides that, upon consumation of the share exchange, stockholders of Grapevine will receive approximately 370,000 shares of TSA Class A Common Stock in exchange for 100% of Grapevine's common stock and Grapevine will become a wholly-owned subsidiary of TSA. The share exchange will be accounted for as a pooling of interests and, accordingly, historical financial data in reports filed after the consumation of the share exchange will be restated to include Grapevine.

6. INVESTMENT AND NOTES RECEIVABLE

In January 1996, the Company entered into a transaction with Insession, Inc. (Insession) whereby the Company loaned Insession $3.5 million under a promissory note and acquired a 7.5% minority interest in Insession for $1.5 million. The promissory note bears an interest rate of prime plus 0.25% and is payable in January 1999 ($1.0 million), January 2000 ($1.0 million) and January 2001 ($1.5 million) and is secured by future royalties owed by the Company to Insession.

The Company has a $2.275 million note receivable from a start-up transaction processing business. The note bears an interest rate of prime plus 1.0% and is payable in quarterly installments of $250,000 commencing in June 1998. The note is secured primarily by computer equipment and accounts receivable.

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 June 30,				Nine Months Ended June 30,			
	1996		1995		1996		1995	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue
Revenues:								
Software license fees	$ 19,853	49.8 %	$ 14,234	48.9 %	$ 55,614	50.3 %	$ 39,721	48.6%
Maintenance fees	9,022	22.6	7,530	25.9	25,786	23.3	21,567	26.4
Services	10,043	25.2	6,137	21.1	25,778	23.3	17,230	21.1
Hardware, net	977	2.4	1,200	4.1	3,279	3.0	3,283	4.0
Total revenues	39,895	100.0	29,101	100.0	110,457	100.0	81,801	100.0
Expenses:								
Cost of software license fees:								
Software costs	5,085	12.7	2,750	9.4	13,516	12.2	8,859	10.8
Amortization of purchased software	783	2.0	792	2.7	2,356	2.1	2,374	2.9
Purchased contracts in progress	-	-	-	-	-	-	2,956	3.6
Cost of maintenance and services	10,158	25.5	7,009	24.1	27,245	24.7	19,358	23.7
Research and development	3,567	8.9	3,620	12.4	10,944	9.9	8,816	10.8
Selling and marketing	7,935	19.9	7,313	25.1	23,594	21.4	20,286	24.8
General and administrative:								
General and administrative costs	6,852	17.2	4,324	14.9	18,226	16.5	13,288	16.2
Amortization of goodwill and purchased intangibles	157	0.4	50	0.2	452	0.4	294	0.4
Total expenses	34,537	86.6	25,858	88.9	96,333	87.2	76,231	93.2
Operating income	5,358	13.4	3,243	11.1	14,124	12.8	5,570	6.8
Other income (expense):								
Interest income	444	1.1	282	1.0	1,580	1.4	617	0.8
Interest expense	(39)	(0.1)	(27)	(0.1)	(145)	(0.1)	(1,674)	(2.0)
Other	(99)	(0.2)	58	0.2	(180)	(0.2)	98	0.1
Total other	306	0.8	313	1.1	1,255	1.1	(959)	(1.2)
Income before income taxes	5,664	14.2	3,556	12.2	15,379	13.9	4,611	5.6
Provision for income taxes	(2,413)	(6.0)	(718)	(2.5)	(6,250)	(5.7)	(834)	(1.0)
Net income before extraordinary loss	3,251	8.1	2,838	9.8	9,129	8.3	3,777	4.6
Extraordinary loss	-	-	-	-	-	-	(2,750)	(3.4)
Net income	$ 3,251	8.1 %	$ 2,838	9.8 %	$ 9,129	8.3 %	$ 1,027	1.3%

REVENUES

Total revenues for the third quarter of fiscal 1996 increased 37.1% or $10.8 million over the comparable period in fiscal 1995. Of this increase, $5.6 million of the growth resulted from a 39.5% increase in software license fee revenue, $3.9 million from a 63.6% increase in services revenue and $1.5 million from a 19.8% increase in maintenance fee revenue.

Total revenues for the first three quarters of fiscal 1996 increased 35.0% or $28.7 million over the comparable period in fiscal 1995. Of this increase, $15.9 million of the growth resulted from a 40.0% increase in software license fee revenue, $8.5 million from a 49.6% increase in services revenue and $4.2 million from a 19.6% increase in maintenance fee revenue.

The growth in software license fee revenue for both the third quarter and first three quarters of fiscal 1996 is the result of increased demand for the Company's BASE24 products and a continued growth of the installed base of customers paying monthly license fee (MLF) revenue. MLF revenue was $5.7 million in the third quarter of fiscal 1996 compared to $3.3 million in the third quarter of fiscal 1995. MLF revenue was $15.3 million in the first three quarters of fiscal 1996 compared to $9.0 million in the first three quarters of fiscal 1995.

The growth in services revenue for both the third quarter and first three quarters of fiscal 1996 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 both the third quarter and first three quarters of fiscal 1996 is a result of the continued growth of the installed base of the Company's BASE24 products.

EXPENSES

Total operating expenses for the third quarter of fiscal 1996 increased 33.6% or $8.7 million over the comparable period in fiscal 1995. Total operating expenses for the first three quarters of fiscal 1996 increased 26.4% or $20.1 million over the comparable period in fiscal 1995. The primary reason for the overall increase in operating expenses is the increase in staff required to meet the increased demand for the Company's products and services. Total staff increased from 921 at June 30, 1995 to 1,236 at June 30, 1996.

The Company's operating margin for the third quarter of fiscal 1996 was 13.4% as compared to 11.1% for the comparable period in fiscal 1995. On a year-to-date basis, the operating margin increased from 6.8% in fiscal 1995 to 12.8% in fiscal 1996. These improvements are primarily due to the impact of the growth in the Company's recurring revenues (MLF's, maintenance and facilities management fees). Also contributing to the year-to-date increase was the charge for purchased contracts in progress in fiscal 1995 of which there is no similar charge in fiscal 1996.

The Company's gross margin (total revenues minus cost of software and cost of maintenance and services) for the third quarter of fiscal 1996 was 59.8% as compared to 63.7% for the comparable period in fiscal 1995. The decline in gross margin is primarily due to the accelerated growth in services business which typicially has a lower gross margin than software license fees. On a year-to-date basis, the gross margin increased from 59.0% in fiscal 1995 to 61.0% in fiscal 1996. The year-to-date growth in services business is not as great as experienced in the third quarter of fiscal 1996.

Research and development and selling and marketing costs decreased as a percentage of total revenues for both the third quarter of fiscal 1996 and year-to-date. These decreases as a percentage of total revenues are also a result of the increase in the Company's recurring revenues. The Company's capitalized software development costs continue to be approximately $300,000 per quarter.

General and administrative costs as a percentage of total revenues increased to 17.2% in the third quarter of fiscal 1996 from 14.9% in the third quarter of fiscal 1995. This increase as a percentage of total revenues is due primarily to the increase in reserves for possible bad debts and the hiring of additional staff to support the Company's growth.

EBITDA. The Company's earnings before interest expense, income taxes, depreciation and amortization (EBITDA) increased 44.5% from $5.7 million in the third quarter of fiscal 1995 to $8.3 million for the third quarter of fiscal 1996. On a year-to-date basis, EBITDA increased 43.1% from $15.9 million in fiscal 1995 to $22.8 million in fiscal 1996. These increases can be attributable 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.

OTHER INCOME AND EXPENSE. Other income and expense consists primarily of interest income derived from short-term investments and interest expense on indebtedness. The growth in interest income is due to the investment of a portion of the public offering proceeds received in March and August of 1995. The decrease in interest expense is due to the repayment of indebtedness out of the proceeds of the Company's March 1995 public offering.

INCOME TAXES. The effective tax rate for the third quarter of fiscal 1996 was 42.6% as compared to 20.2% for the third quarter of fiscal 1995. The increase in the effective tax rate is principally the result of deferred tax assets which were recognized in the third quarter of fiscal 1995 which reduced the effective tax rate for that quarter.

As of June 30, 1996, the Company has deferred tax assets of approximately $11.5 million and deferred tax liabilities of $0.1 million. Each quarter, the Company evaluates its historical operating results as well as its projections for the next 24 months to determine the realizability of the deferred tax assets. This analysis indicated that $3.7 of the deferred tax assets were more likely than not to be realized. Accordingly, the Company has recorded a valuation allowance of $7.8 million as of June 30, 1996.

BACKLOG

As of June 30, 1996 and 1995, the Company had non-recurring revenue backlog of $20.0 million and $20.5 million in software license fees and $11.0 million and $7.5 million in services, respectively. 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 June 30, 1996 and 1995, the Company had recurring revenue backlog of $65.0 million and $49.1 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.

LIQUIDITY AND CAPITAL RESOURCES

As of June 30, 1996, the Company had working capital of $36.8 million, cash and cash equivalents of $22.9 million and a $10 million bank line of credit of which there are no borrowings outstanding. The bank line of credit expires in June 1997.

During the nine months ended June 30, 1996, the Company's cash flow from operations amounted to $6.1 million and cash used in investing activities amounted to $19.0 million.

In the normal course of business, the Company evaluates potential acquisitions of complementary businesses, products or technologies. On October 2, 1995, the Company acquired the capital stock of a German software company for $3.4 million. The acquisition was accounted for under the purchase accounting method and was financed with existing cash and future payments to the seller.

On January 24, 1996, the Company entered into a transaction with Insession, Inc. (Insession) whereby the term of the Company's ICE distribution rights was extended to September 2001. In addition, the Company loaned Insession $3.5 million under a promissory note and acquired a 7.5% minority interest in Insession for $1.5 million.

On June 3, 1996, the Company acquired substantially all of the net assets of TXN Solution Integrators (TXN) a Canadian partnership for $3.6 million in cash and the assumption of certain liabilities of TXN. The acquisition was accounted for under the purchase accounting method and was financed with existing cash.

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.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

10.26 Revolving Conditional Line of Credit Agreement with Norwest Bank Nebraska N.A.

11.01 Statement re Computation of Per Share Earnings

27.00 Financial Data Schedule

(b) Reports on Form 8-K

Form 8-K (as amended) dated June 3, 1996, under Item 2, Acquisition or Disposition of Assets, was filed with the Securities and Exchange Commission reporting the acquisition of substantially all the net assets of TXN Solution Integrators. The financial statements in included in Form 8-K(A) are as follows:

Financial statements for TXN Solution Integrators (TXN) as of and for the year ended September 30, 1995 and the six months ended March 31, 1996.

Pro forma combined financial statements for TSA and TXN as of March 31, 1996 and for the year and six months ended September 30, 1995 and March 31, 1996, respectively.

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: August 5, 1996

TRANSACTION SYSTEMS ARCHITECTS, INC
(Registrant)

/S/ DWIGHT G. HANSON

Dwight G. Hanson
Controller
(Principal Accounting Officer)

TRANSACTION SYSTEMS ARCHITECTS, INC.
INDEX TO EXHIBITS

Exhibit Number	Description
10.26	Revolving Conditional Line of Credit Agreement with Norwest Bank Nebraska, N.A.
11.01	Statement re Computation of Per Share Earnings
27.00	Financial Data Schedule

Exhibit 10.26

Norwest Bank Nebraska, N.A.
Post Office Box 3408
Omaha, Nebraska 68103

June 26, 1996

Mr. Gregory J. Duman
Chief Financial Officer
Transaction Systems Architects, Inc.
Applied Communications, Inc.
U.S. Software, Inc.
330 South 108th Avenue
Omaha, NE 68154-2684

Dear Greg:

We are pleased to advise you that Norwest Bank Nebraska, National Association (the "Bank") has approved the renewal of your revolving conditional line of credit (the "Line") for your companies subject to the following terms and conditions:

BORROWER
The credit facility will be provided to Transaction Systems Architects, Inc., Applied Communications, Inc. and U.S. Software, Inc. as co-borrowers (the "Borrowers").

CREDIT FACILITY
$10,000,000 revolving conditional line of credit to support short term cash needs of Borrowers.

TERM AND RATE
The Line will have an ultimate maturity of June 30, 1997 and will be priced at 200 basis points over the 30 day LIBOR floating. The Line will then re-price every 30 days corresponding to the time period established in the base rate. Interest will be payable monthly.

COLLATERAL
The Line will be secured with a first security interest in the accounts receivable of Borrowers.

FINANCIAL REPORTING
The Borrowers will provide the Bank a copy of its 10(Q) report within 60 days of each quarter end and its 10(K) report within 120 days of the fiscal year end.

From time to time the Borrowers will provide the Bank such additional information regarding the financial condition of the Borrowers as the Bank may reasonably require.

FINANCIAL COVENANTS
The Borrowers will maintain a minimum working capital level of $6,000,000 during the term of this agreement. Working capital shall mean the total of current assets minus the total of current liabilities of the Borrowers. Current assets are cash and other assets that are expected to be converted into cash, sold or consumed within one year or less. For this definition, prepaid expenses will not be classified as current assets. Current liabilities are obligations of the Borrowers that are expected to be liquidated in one year or less. All debt to affiliates, stockholders, officers or employees will be classified as a current liability.

The Borrowers will inform the Bank of any material change relating to a cahnge in the dividend policy, changes in management or additional indebtedness.

MISC.
The line may be terminated if adverse conditions develop at any time, whether before or after acceptance of this letter, affecting the Borrowers' affairs, financial or otherwise.

All reasonable expenses, charges, costs and fees of the Bank incurred in connection with the loan, including all fees and expenses of attorneys retained by Bank will be paid by the Borrowers.

We appreciate the opportunity to provide this credit facility to you. If you have any questions or concerns, please feel free to give me a call.

Your signature below indicates that you have read this letter, that you understand its terms and that you are authorized by the Borrowers to approve its terms and do so.

Sincerely,

NORWEST BANK NEBRASKA
NATIONAL ASSOCIATION

By: /S/ DEEANN K. WENGER

Its Assistant Vice President
(Telephone: 536-2627)

Accepted this 28 day of June, 1996. The proceeds of the loans if any, made under the Line will be used for business purposes exclusively.

Transaction Systems Architects, Inc.	Applied Communications, Inc.
By: /S/ GREGORY J. DUMAN	By: /S/ GREGORY J. DUMAN
Its: CFO	Its: CFO

By: /S/ JOHN MOREY

Its: CFO

EXHIBIT 11.01

TRANSACTION SYSTEMS ARCHITECTS, INC.
STATEMENT OF NET INCOME PER COMMON AND EQUIVALENT SHARE

For the three months ended June 30, 1996:

Weighted average common shares outstanding	25,445,000
Common equivalent shares from stock options granted (using the treasury method)	1,357,000
Shares used in computation	26,802,000
Net income	$3,251,000
Net income per common and equivalent share	$ 0.12

For the three months ended June 30, 1995:

Weighted average common shares outstanding	23,152,000
Common equivalent shares from stock options granted (using the treasury method)	1,219,000
Shares used in computation	24,371,000
Net income	$ 2,838,000
Net income per common and equivalent share	$ 0.12

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9-MOS
SEP-30-1996
OCT-01-1995
JUN-30-1996
22,946
0
48,943
0
0
76,661
21,603
9,265
111,638
40,203
1,547
0
0
127
69,761
111,638
110,457
110,457
43,117
53,216
(1,400)
0
145
15,379
6,250
9,129
0
0
0
9,129
0.34
0.34