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, 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 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 issuer's classes of common stock as of the latest practicable date:

25,805,731 shares of Class A Common Stock at August 1, 1997
2,171,252 shares of Class B Common Stock at August 1, 1997

TRANSACTION SYSTEMS ARCHITECTS, INC.
FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED JUNE 30, 1997
TABLE OF CONTENTS

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

	June 30, 1997	September 30, 1996
ASSETS		
Current assets:		
Cash and cash equivalents	$ 42,579	$ 32,751
Billed receivables, net	35,200	30,598
Accrued receivables	27,201	19,284
Deferred income taxes	5,626	4,348
Other	2,263	1,443
Total current assets	112,869	88,424
Property and equipment, net	14,672	13,340
Software, net	5,659	5,424
Intangible assets, net	9,487	7,236
Installment receivables	1,275	1,593
Investment and notes receivable	6,819	8,105
Other	3,379	1,775
Total assets	$ 154,160	$ 125,897
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 795	$ 1,147
Current portion of capital lease obligations	274	342
Accounts payable	7,627	8,629
Accrued employee compensation	3,566	5,210
Accrued liabilities	9,891	7,732
Income taxes	6,256	4,466
Deferred revenue	27,925	20,507
Total current liabilities	56,334	48,033
Long-term debt	1,502	1,431
Capital lease obligations	263	256
Total liabilities	58,099	49,720
Stockholders' equity:		
Class A Common Stock	129	127
Class B Common Stock	11	11
Additional paid-in capital	102,299	95,909
Accumulated translation adjustments	103	(236)
Accumulated deficit	(6,469)	(19,622)
Treasury stock, at cost	(12)	(12)
Total stockholders' equity	96,061	76,177
Total liabilities and stockholders'equity	154,160	$ 125,897

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, 1997	Three Months Ended June 30, 1996	Nine Months Ended June 30, 1997	Nine Months Ended June 30, 1996
Revenues:				
Software license fees	$ 31,186	$ 21,545	$ 89,504	$ 60,042
Maintenance fees	10,746	9,173	31,031	26,042
Services	12,395	11,206	35,745	29,427
Hardware, net	881	977	2,218	3,279
Total revenues	55,208	42,901	158,498	118,790
Expenses:				
Cost of software license fees:				
Software costs	6,494	5,292	18,413	14,224
Amortization of purchased software		783	801	2,356
Cost of maintenance and services	13,038	10,969	38,055	29,481
Research and development	4,618	3,499	13,321	10,967
Selling and marketing	12,368	8,570	34,967	25,192
General and administrative:				
General and administrative costs	8,814	7,589	25,882	20,195
Amortization of goodwill and purchased intangibles	210	157	664	452
Total expenses	45,542	36,859	132,103	102,867
Operating income	9,666	6,042	26,395	15,923
Other income (expense):				
Interest income	557	442	1,497	1,587
Interest expense	(55)	(54)	(136)	(179)
Other	(38)	(99)	(582)	(180)
Total other	464	289	779	1,228
Income before income taxes	10,130	6,331	27,174	17,151
Provision for income taxes	(3,793)	(2,393)	(10,539)	(6,381)
Net income	$ 6,337	$ 3,938	$ 16,635	$ 10,770
Pro forma information(Note 4):				
Net income	$ 6,337	$ 3,665	$ 16,128	$ 10,225
Net income per common and equivalent share	$ 0.22	$ 0.13	$ 0.56	$ 0.36
Weighted average shares outstanding	28,821	28,798	28,676	28,654

See notes to condensed consolidated financial statements.

TRANSACTION SYSTEMS ARCHITECTS, INC.
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
For the nine months ended June 30, 1997
(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, 1996 as previously reported	$ 119	$ 11	$ 96,062	$ (236)	$ (19,494)	$ (12)	$ 76,450
Adjustment for Regency Voice Systems and related entities pooling of interests	8		(153)		(128)		(273)
Balance, September 30, 1996 as restated	127	11	95,909	(236)	(19,622)	(12)	76,177
Adjustment for Open Systems Solutions, Inc. pooling of interests	1		5		(176)		(170)
Distribution to owners of Regency Voice Systems and related entities					(3,306)		(3,306)
Issuance of Class A Common Stock	1		581				582
Exercise of stock options			938				938
Tax benefit of stock options exercised			1,780				1,780
Sale of stock options			3,086				3,086
Net Income					16,635		16,635
Translation adjustments				339			339
Balance, June 30, 1997	$ 129	$ 11	$ 102,299	$ 103	$ (6,469)	$ (12)	$ 96,061

See notes to condensed consolidated financial statements.

TRANSACTION SYSTEMS ARCHITECTS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited and in thousands)

	Nine Months Ended June 30, 1997	Nine Months Ended June 30, 1996
Cash flows from operating activities:		
Net income	$ 16,635	$ 10,770
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	4,006	3,230
Amortization	3,392	4,384
Increase in receivables, net	(11,263)	(7,949)
(Increase) decrease in other current assets	1,802	(537)
Decrease in installment receivables	318	476
Increase in other assets	(3,202)	(924)
Increase (decrease) in accounts payable	(1,349)	545
Decrease in accrued employee compensation	(1,972)	(884)
Increase (decrease) in accrued liabilities	2,431	(1,771)
Decrease in income tax liabilities	3,535	1,415
Increase (decrease) in deferred revenue	6,597	(241)
Net cash provided by operating activities	20,930	8,514
Cash flows from investing activities:		
Purchases of property and equipment	(4,918)	(5,210)
Purchases of software and distribution rights	(4,312)	(1,926)
Acquisiton of businesses, net of cash acquired	(2,422)	(5,196)
Additions to investment and notes receivable	(3,886)	(7,276)
Proceeds from notes receivable repayments	4,180	-
Net cash used in investing activities	(11,358)	(19,608)
Cash flows from financing activities:		
Proceeds from issuance of Class A Common Stock	582	162
Purchase of Treasury Stock	-	4
Proceeds from sale and exercise of stock options	4,021	818
Distribution to RVS owners	(3,306)	(2,037)
Proceeds from long-term debt	-	182
Payments of long-term debt	(934)	(20)
Payments on capital lease obligations	(85)	(341)
Net cash provided by (used in) financing activities	278	(1,232)
Effect of exchange rate fluctuations on cash	(22)	(181)
Increase (decrease) in cash and cash equivalents	9,828	(12,507)
Cash and cash equivalents, beginning of period	32,751	36,235
Cash and cash equivalents, end of period	$ 42,579	$ 23,728

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 June 30, 1997 and for the three and nine months ended June 30, 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, 1996. The results of operations for the three and nine months ended June 30, 1997 are not necessarily indicative of the results for the entire fiscal year ending September 30, 1997.

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. Net Income Per Common and Equivalent Share

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.

In March 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128 "Earnings Per Share" (SFAS No. 128), which specifies the computation, presentation and disclosure requirements for earnings per share. SFAS No. 128 is effective for periods ending after December 15, 1997 and requires retroactive restatement of prior periods earnings per share. The statement replaces the "primary earnings per share" calculation with a "basic earnings per share" and redefines the "dilutive earnings per share" computation. Adoption of the statement is not expected to have a material effect on the Company's reported income per share.

3. 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.

4. Acquisitions

On May 13, 1997, the Company completed the acquisition of Regency Voice Systems, Inc. and related entities (RVS). RVS develops, markets and supports financial software products and related services including interactive voice response and PC-banking products for financial institutions. Owners of RVS received 1,615,383 shares of TSA Class A Common Stock in exchange for 100% of RVS's outstanding securities. The exchange was accounted for as a pooling of interests. The accompanying historical condensed consolidated financial statements have been restated to reflect the results of operations of RVS.

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. Pro forma net income and net income per common and equivalent share on the accompanying condensed statement of operations reflects a pro forma tax provision for combined federal and state income taxes to report income taxes on the basis of which they will be reported in future periods.

On October 8, 1996, the Company completed the acquisition of Open Systems Solutions, Inc. (OSSI). Stockholders of OSSI received 209,993 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 and the condensed consolidated financial statements have not been restated to reflect this acquisition.

5. 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, since January 1996, the Company loaned Insession $5.0 million under promissory notes of which Insession repaid the Company $500,000 in June 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 $1.0 million of promissory notes are payable upon demand. The promissory notes are secured by future royalties owed by the Company to Insession.

In March 1997, the Company revised the terms of the line of credit and purchase option agreement it has with U.S. Processing, Inc. (USPI). Under the terms of the revised agreement, the Company received $3.6 million as repayment of advances made under the previous line of credit. In addition, the Company converted $1.0 million of prior advances under the line of credit into a 19.9% ownership interest in USPI. The revised line of credit provides USPI with the ability to borrow $4.5 million from the Company. As of June 30, 1997, borrowings under the revised line of credit totaled $825,000.

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, as restated for RVS, for the periods indicated:

	Three Months Ended June 30,				Nine Months Ended June 30,			
	1997		1996		1997		1996	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue
Revenues:								
Software license fees	$ 31,186	56.5%	$ 21,545	50.2%	$ 89,504	56.5%	$ 60,042	50.5 %
Maintenance fees	10,746	19.5	9,173	21.4	31,031	19.6	26,042	21.9
Services	12,395	22.5	11,206	26.1	35,745	22.6	29,427	24.8
Hardware, net	881	1.6	977	2.3	2,218	1.4	3,279	2.8
Total revenues	55,208	100.0	42,901	100.0	158,498	100.0	118,790	100.0
Expenses:								
Cost of software license fees:								
Software costs	6,494	11.8	5,292	12.3	18,413	11.6	14,224	12.0
Amortization of purchased software	0	0.0	783	1.8	801	0.5	2,356	2.0
Cost of maintenance and services	13,038	23.6	10,969	25.6	38,055	24.0	29,481	24.8
Research and development	4,618	8.4	3,499	8.2	13,321	8.4	10,967	9.2
Selling and marketing	12,368	22.4	8,570	20.0	34,967	22.1	25,192	21.2
General and administrative:								
General and administrative costs	8,814	16.0	7,589	17.7	25,882	16.3	20,195	17.0
Amortization of goodwill and purchased intangibles	210	0.4	157	0.4	664	0.4	452	0.4
Total expenses	45,542	82.5	36,859	85.9	132,103	83.3	102,867	86.6
Operating income	9,666	17.5	6,042	14.1	26,395	16.7	15,923	13.4
Other income (expense):								
Interest income	557	1.0	442	1.0	1,497	0.9	1,587	1.3
Interest expense	(55)	(0.1)	(54)	(0.1)	(136)	(0.1)	(179)	(0.2)
Other	(38)	(0.1)	(99)	(0.2)	(582)	(0.4)	(180)	(0.2)
Total other	464	0.8	289	0.7	779	0.5	1,228	1.0
Income before income taxes	10,130	18.3	6,331	14.8	27,174	17.1	17,151	14.4
Provision for income taxes	(3,793)	(6.9)	(2,393)	(5.6)	(10,539)	(6.6)	(6,381)	(5.4)
Net income	6,337	11.5	3,938	9.2	16,635	10.5	10,770	9.1
Pro forma information:								
Net income	$ 6,337	11.5 %	$ 3,665	8.5 %	$ 16,128	10.2 %	$ 10,225	8.6%

Results of Operations (continued)

Revenues
Total revenues for the third quarter of fiscal 1997 increased 28.7% or $12.3 million over the comparable period in fiscal 1996. Of this increase, $9.6 million of the growth resulted from a 44.7% increase in software license fee revenue, $1.2 million from a 10.6% increase in services revenue and $1.6 million from a 17.1% increase in maintenance fee revenue.

Total revenues for the first three quarters of fiscal 1997 increased 33.4% or $39.7 million over the comparable period in fiscal 1996. Of this increase, $29.4 million of the growth resulted from a 49.0% increase in software license fee revenue, $6.3 million from a 21.5% increase in services revenue and $5.0 million from a 19.2% increase in maintenance fee 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 $8.6 million in the third quarter of fiscal 1997 compared to $6.0 million in the third quarter of fiscal 1996. MLF revenue was $23.7 million in the first three quarters of fiscal 1997 compared to $16.0 million in the first three quarters of fiscal 1996.

The growth in services revenue for both the third quarter and first three quarters of fiscal 1997 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 1997 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 1997 increased 23.6% or $8.7 million over the comparable period in fiscal 1996. Total operating expenses for the first three quarters of fiscal 1997 increased 28.4% or $29.2 million over the comparable period in fiscal 1996. 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 1,224 at June 30, 1996 to 1,508 at June 30, 1997.

The Company's operating margin for the third quarter of fiscal 1997 was 17.5% as compared to 14.1% for the comparable period in fiscal 1996. Operating margin for the first three quarters of fiscal 1997 was 16.7% as compared to 13.4% for the first three quarters of 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) and the conclusion in December 1996 of the software amortization 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 third quarter of fiscal 1997 was 64.6% as compared to 60.3% for the comparable period in fiscal 1996. The gross margin for the first three quarters of fiscal 1997 was 63.9% as compared to 61.2% for the first three quarters of fiscal 1996. The improvements are principally due to the conclusion of software amortization associated with the acquisitions of Applied Communications, Inc. and Applied Communications Inc Limited.

EBITDA
The Company's earnings before interest expense, income taxes, depreciation and amortization (EBITDA) increased from $8.6 million in the third quarter of fiscal 1996 to $11.8 million for the third quarter of fiscal 1997. EBITDA was $33.7 million for the first three quarters of fiscal 1997 as compared to $23.2 million for the first three quarters of fiscal 1996. 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.

Results of Operations (continued)

Pro Forma Income Taxes
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. Pro forma net income reflects a pro forma tax provision for combined federal and state income taxes to report income taxes on the basis of which they will be reported in future periods.

The effective pro forma tax rate for the third quarter of fiscal 1997 was 37.4% as compared to 42.1% for the third quarter of fiscal 1996. The effective pro forma tax rate for the first three quarters of fiscal 1997 was 40.6% as compared to 40.3% for the first three quarters of fiscal 1996. The change in the effective pro forma tax rate is principally the result of the amount of deferred tax assets which were recognized in the first three quarters of 1997 as compared to the first three quarters of fiscal 1996.

As of June 30, 1997, the Company has deferred tax assets of $21.9 million and deferred tax liabilities of $0.6million. 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 $5.6 million of the deferred tax assets were more likely than not to be realized. Accordingly, the Company has recorded a valuation allowance of

$16.3 million as of June 30, 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 June 30, 1997 and 1996, the Company had non-recurring revenue backlog of $25.5 million and $20.0 million, respectively, in software license fees and $16.9 million and $11.0 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 June 30, 1997 and 1996, the Company had recurring revenue backlog of $86.6 million and $65.0 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.

Liquidity and Capital Resources
- -------------------------------

As of June 30, 1997, the Company had working capital of $56.5 million which includes cash and cash equivalents of $42.6 million. The Company has a $10 million bank line of credit of which there are no borrowings outstanding. The bank line of credit currently expires on August 31, 1997 and is expected to be renewed through June 1998.

During the nine months ended June 30, 1997, the Company's cash flow from operations amounted to $20.9 million and cash used in investing activities amounted to $11.3 million. Of the $11.3 of cash used in investing activities, $1.0 million consisted of advances to Insession under promissory notes and $2.9 consisted of advances to USPI under a line of credit. Insession repaid advances of $500,000 during the third quarter of fiscal 1997 and USPI repaid advances of $3.6 million during the second quarter of fiscal 1997.

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 209,993 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.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

27.00 Financial Data Schedule

(b) Reports on Form 8-K

Form 8-K dated May 20, 1997, under Item 2 , Acquisition or Disposition of Assets, was filed with the Securities and Exchange Commission reporting the Stock Exchange Agreement between the Company and Regency Voice Systems, Inc. and related entities.

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 13, 1997

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

5
1000
9-MOS
SEP-30-1997
OCT-01-1996
JUN-30-1997
42,579
0
62,401
0
0
112,869
29,672
15,000
154,160
56,334
0
0
0
140
95,921
154,160
158,498
158,498
57,269
132,103
(915)
0
136
27,174
10,539
16,635
0
0
0
16,635
.56
.56