

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 10-Q

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

FOR QUARTER ENDED JUNE 30, 1998

COMMISSION FILE NUMBER 0-14948

FISERV, INC.

(Exact name of Registrant as specified in its charter)

WISCONSIN

39-1506125

(State or other jurisdiction of
incorporation or organization)

(I. R. S. Employer
Identification No.)

255 FISERV DRIVE, BROOKFIELD, WI.

53045

(Address of principal executive office)

(Zip Code)

Registrant's telephone number, including area code: (414) 879 5000

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 ()

At June 30, 1998, 81,936,000 shares of common stock of the Registrant were outstanding.

Exhibit Index appears at page 8.

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PART I. FINANCIAL INFORMATION

FISERV, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
for the Three and Six-Month Periods Ended June 30, 1998 and 1997

<TABLE>
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	Three Months Ended June 30,		Six Months Ended June 30,	
	1998	1997	1998	1997
	(In thousands except per share amounts)			
<S>	<C>	<C>	<C>	<C>
REVENUES	\$ 311,220	\$ 238,386	\$ 585,049	\$ 466,705
Cost of revenues:				
Salaries, commissions and payroll related costs	144,302	113,404	272,485	219,162
Data processing expenses, rentals and telecommunication costs	28,561	24,439	55,957	49,205
Other operating expenses	68,908	47,137	121,281	88,448
Depreciation and amortization of property and equipment	14,613	12,187	28,811	23,750
Amortization of intangible assets	3,867	3,545	7,331	7,190
Capitalization of internally generated computer software-net	(1,853)	(964)	(3,022)	(1,485)
Total cost of revenues	258,398	199,748	482,843	386,270

OPERATING INCOME	52,822	38,638	102,206	80,435
Interest expense - net	4,228	3,341	7,595	6,828

INCOME BEFORE INCOME TAXES	48,594	35,297	94,611	73,607
Income tax provision	19,924	14,472	38,791	30,179
=====				
NET INCOME	\$ 28,670	\$ 20,825	\$ 55,820	\$ 43,428
=====				
NET INCOME PER SHARE:				
Basic	\$ 0.34	\$ 0.27	\$ 0.68	\$ 0.56
=====				
Diluted	\$ 0.33	\$ 0.26	\$ 0.66	\$ 0.55
=====				
Shares used in computing net income per share:				
Basic	83,124	77,781	81,848	77,199
=====				
Diluted	85,930	80,043	84,564	79,299
=====				

</TABLE>

See notes to consolidated financial statements.

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FISERV, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

<TABLE>
<CAPTION>

	JUNE 30, 1998	December 31, 1997

	(In thousands)	
	<C>	<C>
ASSETS		
<S>		
Cash and cash equivalents	65,677	\$ 89,377
Accounts receivable	214,904	197,771
Securities processing receivables	1,594,884	1,386,169
Prepaid expenses and other assets	92,390	91,278
Trust account investments	1,072,415	1,082,740
Other investments	135,642	125,999
Deferred income taxes	29,006	35,233
Property and equipment-net	158,779	149,055
Internally generated computer software-net	81,826	73,163
Identifiable intangible assets relating to acquisitions-net	48,392	50,426
Goodwill-net	436,806	355,280

Total	3,930,721	\$3,636,491
=====		
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable	56,673	\$ 53,828
Securities processing payables	1,363,737	1,184,277
Short-term borrowings	104,600	94,975
Accrued expenses	125,568	123,380
Accrued income taxes	9,329	8,436
Deferred revenues	97,333	67,569
Trust account deposits	1,073,781	1,082,740
Long-term debt	302,156	252,031

TOTAL LIABILITIES	3,133,177	2,867,236

SHAREHOLDERS' EQUITY:		
Common stock issued, 83,136,000 and 80,887,000 shares, respectively	831	809
Additional paid-in capital	442,493	427,515
Accumulated other comprehensive income:		
Unrealized gain on investments	16,394	16,442
Foreign currency translation adjustment	68	121
Accumulated earnings	380,188	324,368
Treasury shares, at cost (1,200,000 shares in 1998)	(42,430)	

TOTAL SHAREHOLDERS' EQUITY	797,544	769,255

TOTAL	3,930,721	\$3,636,491
=====		

</TABLE>

See notes to consolidated financial statements.

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FISERV, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
for the Six-Month Periods Ended June 30, 1998 and 1997

<TABLE>
<CAPTION>

	Six Months Ended June 30,	
	1998	1997

	(In thousands)	
	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
<S>		
Net income	\$ 55,820	\$ 43,428
Adjustments to reconcile income to net cash provided by operating activities:		
Deferred income taxes	5,170	2,183
Depreciation and amortization of property and equipment	28,811	23,750
Amortization of intangible assets	7,331	7,190
Capitalization of internally generated computer software-net	(3,022)	(1,485)
	-----	-----
	94,110	75,066
Cash provided (used) by changes in assets and liabilities, net of effects from acquisitions of businesses:		
Accounts receivable	(563)	(4,882)
Prepaid expenses and other assets	(1,227)	(5,898)
Accounts payable and accrued expenses	(2,099)	6,639
Deferred revenue	16,245	7,821
Income taxes payable	4,013	(7,532)
Securities processing receivables and payables - net	(29,255)	24,459
	-----	-----
Net cash provided by operating activities	81,224	95,673
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(31,391)	(19,486)
Investments and other assets	(3,583)	(67,550)
Payment for acquisition of businesses	(87,842)	(10,715)
Trust account investments	4,173	25,848
	-----	-----
Net cash provided (used) by investing activities	(118,643)	(71,903)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase (decrease) in short-term obligations - net	9,625	(13,200)
Increase (decrease) in long-term obligations - net	49,577	(19,522)
Issuance of common stock	5,906	6,483
Purchases of treasury stock	(42,430)	
Trust account deposits	(8,959)	(27,050)
	-----	-----
Net cash provided (used) by financing activities	13,719	(53,289)
	-----	-----
Change in cash	(23,700)	(29,519)
Beginning balance	89,377	101,282
	-----	-----
Ending balance	\$ 65,677	\$ 71,763
	=====	=====

</TABLE>

See notes to consolidated financial statements.

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FISERV, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS

1. PRINCIPLES OF CONSOLIDATION

The consolidated balance sheet as of June 30, 1998 and the related consolidated statements of income and cash flows for the three and six-month periods ended June 30, 1998 and 1997 are unaudited. In the opinion of management, all adjustments necessary for a fair presentation of such financial statements have been included. Such adjustments consisted only of normal recurring items. Interim results are not necessarily indicative of results for a full year. The financial statements and notes are presented as permitted by Form 10-Q, and do

not contain certain information included in the annual financial statements and notes of Fiserv, Inc. and subsidiaries (the Company).

2. ACQUISITIONS

During the three months ended June 30, 1998, the Company completed three acquisitions including CUSA Technologies, Inc. and Network Data Processing Corporation which were accounted for as poolings of interests. Financial statements for prior periods have not been restated to include the operations of these two companies due to lack of materiality.

3. SHARES USED IN COMPUTING NET INCOME PER SHARE

<TABLE>
<CAPTION>

	Three Months Ended June 30,		Six Months Ended June 30,	
	1998	1997	1998	1997

	(In thousands)			
<S>	<C>	<C>	<C>	<C>
Weighted average number of common shares outstanding	83,124	77,781	81,848	77,199
Shares issuable upon exercise of options reduced by the number of shares which could have been purchased with the proceeds of such exercise	2,806	2,262	2,716	2,100

Shares used in computing diluted net income per share	85,930	80,043	84,564	79,299
	=====			

</TABLE>

Basic income per share is computed using the weighted average number of shares outstanding during the periods. Diluted income per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the periods. 1997 shares outstanding have been restated to give affect to a three for two stock split issued May 29, 1998.

4. ACCOUNTING FOR INCOME TAXES

Deferred income taxes reflect the net tax effects of (a) temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes, and (b) operating and tax credit carryforwards. Significant components of the Company's net deferred tax asset as of June 30, 1998 and December 31, 1997 are as follows:

<TABLE>
<CAPTION>

	JUNE 30, 1998	December 31, 1997

	(in thousands)	
<S>	<C>	<C>
Allowance for doubtful accounts	\$2,027	\$2,027
Accrued expenses not currently deductible	17,274	16,835
Deferred revenue	8,059	8,688
Other	1,876	230
Net operating loss and credit carryforwards	2,420	2,295
Purchased incomplete software technology	54,582	56,888
Deferred costs	(4,588)	(4,314)
Internally generated capitalized software	(33,549)	(29,999)
Excess of tax over book depreciation and amortization	(7,702)	(5,992)
Unrealized gain on investments	(11,393)	(11,425)

Total deferred income taxes	\$29,006	\$35,233
	=====	

</TABLE>

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5. SUPPLEMENTAL CASH FLOW INFORMATION

<TABLE>
<CAPTION>

	Six Months Ended June 30,	
	1998	1997

	(In thousands)	
<S>	<C>	<C>
Income taxes paid	\$31,003	\$35,709
Interest paid	11,215	9,531
Liabilities assumed in acquisitions of businesses	30,273	8,639

</TABLE>

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

The following table sets forth, for the periods indicated, the relative percentage which certain items in the Company's consolidated statements of income bear to revenues and the percentage change in these items.

<TABLE>
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	Three Months Ended June 30,		Six Months Ended June 30,	
	1998	1997	1998	1997
	(Percent of Revenues)			
<S>	<C>	<C>	<C>	<C>
Revenues	100.00%	100.00%	100.00%	100.00%
Salaries and related costs	46.37	47.57	46.58	46.96
Data processing costs	9.18	10.25	9.56	10.54
Other operating expenses	22.14	19.77	20.73	18.95
Depreciation and amortization	4.70	5.11	4.93	5.09
Amortization of intangible assets	1.24	1.49	1.25	1.54
Capitalization of software-net	(0.60)	(0.40)	(0.52)	(0.32)
Total cost of revenues	83.03	83.79	82.53	82.76
Operating income	16.97	16.21	17.47	17.24

</TABLE>

REVENUES

Revenues increased 30.6% from \$238.4 million in the second quarter of 1997 to \$311.2 million in the current second quarter and 25.4% from \$466.7 million in the first six months of 1997 to \$585.0 million in the comparable current period. Approximately 65% of the year to date growth resulted from the inclusion of revenues from the date of purchase of acquired companies and approximately 35% from increases in revenue from the addition of new clients, growth in the transaction volume experienced by existing clients and price increases.

COST OF REVENUES

Cost of revenues increased 29.4% from \$199.7 million in the second quarter of 1997 to \$258.4 million in the current second quarter, and 25.0% from \$386.3 million in the first six months of 1997 to \$482.8 million in the first six months of 1998. These increases were in line with increases in revenues during the periods.

OPERATING INCOME

Operating income increased 36.7% from \$38.6 million in the second quarter of 1997 to \$52.8 million in the current second quarter, and increased 27.1% from \$80.4 million in the first six months of 1997 to \$102.2 million in the first six months of 1998. As a percentage of revenues, operating margins were slightly higher during both the second quarter and first six months of 1998 when compared to the comparable prior year periods.

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INTEREST EXPENSE - NET

As a result of increased borrowings, interest expense increased \$.9 million in the second quarter of 1998 and \$.8 million for the first six months of 1998 when compared to amounts incurred for the comparable 1997 periods.

INCOME TAX PROVISION

Income taxes were computed at 41% in both 1998 and 1997. The 41% rate is expected to apply throughout the current year.

NET INCOME

Net income for the second quarter increased 38% from \$20.8 million in 1997 to \$28.7 million in 1998. Net income for the first six months increased 29% from \$43.4 million in 1997 to \$55.8 million in 1998. Net income per share-diluted for the second quarter was \$.33 in 1998 compared to \$.26 in 1997. Net income per share-diluted for the first six months of 1998 was \$.66 compared to \$.55 in the comparable 1997 period. The increases in net income per share-diluted for the second quarter and first six months of 1998 over the comparable 1997 periods amounted to \$.07 and \$.11, respectively.

YEAR 2000 ISSUES

The Company believes that its plan to address year 2000 issues is proceeding satisfactorily and continues to expect to incur charges approximating \$15 million a year in 1998 and 1999 related to this issue. It is not anticipated that operating income as a percentage of revenues will be materially impacted by

these charges.

LIQUIDITY AND CAPITAL RESOURCES

The following table summarizes the Company's primary sources of funds for the six months ended June 30, 1998 and 1997:

<TABLE>
<CAPTION>

	1998	1997

	(In thousands)	
	<C>	<C>
Cash provided by operating activities before changes in securities processing receivables and payables - net	110,479	71,214
Securities processing receivables and payables - net	(29,255)	24,459

Cash provided by operating activities	81,224	95,673
Issuance (purchases) of common stock - net	(36,524)	6,483
Decrease (increase) in investments	(8,369)	(68,752)
Increase (decrease) in net borrowings	59,202	(32,722)

TOTAL	95,533	682
	=====	

</TABLE>

Long-term obligations amounted to \$302.2 million at June 30, 1998. The majority of this debt comprises \$106.1 million of senior notes due 1998 to 2005 and \$171.8 million advanced under a \$280 million unsecured line of credit and commercial paper facility expiring May 17, 2000. A facility fee of .1% to .2% per annum is required on the entire bank line regardless of usage.

The Company has historically applied a significant portion of its cash flow from operating activities and proceeds of its common stock offerings and long-term borrowings to acquisitions. The Company believes that its cash flow from operating activities together with other available sources of funds will be adequate to meet its funding requirements. However, in the event that the Company makes significant future acquisitions, it may raise funds through additional borrowings or issuance of securities.

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PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K.

- (a) Exhibits
 - Index to exhibits
 - (11) Statement regarding computation of per share earnings (included on page 5, Part 1).
- (b) Reports on Form 8-K
 - During the quarter ended June 30, 1998, the Registrant filed a report on Form 8-K dated May 8, 1998, regarding the exchange ratio applicable to the acquisition of CUSA Technologies, Inc., as of April 30, 1998.

SIGNATURES

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

FISERV, INC.

(Registrant)

Date July 21, 1998

by /s/ Edward P. Alberts

EDWARD P. ALBERTS
Senior Vice President, Finance
and Controller

<TABLE> <S> <C>

<ARTICLE> 5

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE JUNE 1998 10-Q AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH INFORMATION.

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