

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.
For the quarterly period ended September 30, 2000

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 0-14948

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)

(262) 879 5000

(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 ()

As of October 12, 2000, there were 123,712,000 shares of common stock, \$.01 par value, of the Registrant outstanding.

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PART I. FINANCIAL INFORMATION
ITEM I. FINANCIAL STATEMENTS

FISERV, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share amounts)
(Unaudited)

<TABLE>
<CAPTION>

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2000	1999	2000	1999
<S>	<C>	<C>	<C>	<C>
Revenues	\$406,189	\$352,663	\$1,219,025	\$1,033,044
Cost of revenues:				
Salaries, commissions and payroll related costs	198,617	171,174	586,218	494,339
Data processing expenses, rentals and telecommunication costs	27,405	27,346	83,974	84,870
Other operating expenses	74,290	67,014	227,888	200,497
Depreciation and amortization of property and equipment	18,249	16,132	52,417	45,791
Amortization of intangible assets	8,357	5,359	31,159	14,732
Amortization of internally generated computer software-net	1,048	1,069	804	5,109
Total cost of revenues	327,966	288,094	982,460	845,338
Operating income	78,223	64,569	236,565	187,706
Interest expense - net	(5,295)	(4,913)	(17,101)	(13,213)
Realized gain from sale of investment	2,907	0	5,835	0
Income before income taxes	75,835	59,656	225,299	174,493

Income tax provision	31,093	24,459	92,373	71,542
Net income	\$ 44,742	\$ 35,197	\$ 132,926	\$ 102,951
Net income per share:				
Basic	\$ 0.36	\$ 0.29	\$ 1.08	\$ 0.83
Diluted	\$ 0.35	\$ 0.28	\$ 1.05	\$ 0.81
Shares used in computing net income per share:				
Basic	123,434	123,226	123,016	123,318
Diluted	127,045	125,974	126,330	127,052

</TABLE>

See notes to consolidated financial statements.

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FISERV, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)

<TABLE>
<CAPTION>

	September 30, 2000	December 31, 1999
	(Unaudited)	
<S>	<C>	<C>
ASSETS		
Cash and cash equivalents	\$ 93,927	\$ 80,554
Accounts receivable - net	263,924	235,350
Securities processing receivables	2,804,710	2,196,068
Prepaid expenses and other assets	92,949	89,378
Trust account investments	1,361,012	1,298,120
Other investments	329,160	335,573
Property and equipment-net	207,877	195,333
Internally generated computer software - net	89,488	90,292
Intangible assets - net	857,955	787,042
Total	\$6,101,002	\$5,307,710
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable	\$ 79,093	\$ 66,400
Securities processing payables	2,388,260	1,764,382
Short-term borrowings	181,600	234,350
Accrued expenses	183,219	176,443
Accrued income taxes	10,332	12,736
Deferred revenues	129,605	131,476
Trust account deposits	1,373,175	1,298,120
Deferred income taxes	58,940	59,963
Long-term debt	466,223	472,824
Total liabilities	4,870,447	4,216,694
Shareholders' equity:		
Common stock issued, 125,387,700 shares	1,254	1,254
Additional paid-in capital	454,136	458,550
Accumulated other comprehensive income	105,360	125,026
Accumulated earnings	709,436	576,510
Treasury stock, at cost, 1,688,200 and 2,804,400 shares, respectively	(39,631)	(70,324)
Total shareholders' equity	1,230,555	1,091,016
Total	\$6,101,002	\$5,307,710

</TABLE>

See notes to consolidated financial statements.

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FISERV, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)
(Unaudited)

<TABLE>

<CAPTION>

	Nine Months Ended September 30,	
	2000	1999
<S>	<C>	<C>
Cash flows from operating activities:		
Net income	\$ 132,926	\$ 102,951
Adjustments to reconcile net income to net cash provided by operating activities:		
Deferred income taxes	10,588	7,132
Depreciation and amortization of property and equipment	52,417	45,791
Amortization of intangible assets	31,159	14,732
Amortization of internally generated computer software	26,537	26,221
	-----	-----
	253,627	196,827
Changes in assets and liabilities, net of effects from acquisitions of businesses:		
Accounts receivable	(19,409)	20,141
Prepaid expenses and other assets	(2,063)	7,809
Accounts payable and accrued expenses	9,876	6,043
Deferred revenues	(2,159)	(6,304)
Accrued income taxes	16,597	5,675
Securities processing receivables and payables - net	15,236	(54,873)
	-----	-----
Net cash provided by operating activities	271,705	175,318
Cash flows from investing activities:		
Capital expenditures	(58,266)	(52,663)
Capitalization of internally generated computer software	(25,733)	(21,112)
Payment for acquisitions of businesses, net of cash acquired	(88,440)	(200,428)
Investments	283,999	(287,503)
	-----	-----
Net cash provided by (used in) investing activities	111,560	(561,706)
Cash flows from financing activities:		
Proceeds from (repayments of) short-term obligations - net	(52,750)	30,662
Proceeds from (repayments of) long-term obligations - net	(7,629)	113,153
Purchases of treasury stock	(9,884)	(20,103)
Issuance of common stock	17,161	5,601
Trust account deposits	(316,790)	261,420
	-----	-----
Net cash provided by (used in) financing activities	(369,892)	390,733
Change in cash and cash equivalents	13,373	4,345
Beginning balance	80,554	71,558
	-----	-----
Ending balance	\$ 93,927	\$ 75,903
	=====	=====

See notes to consolidated financial statements.

</TABLE>

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FISERV, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Principles of Consolidation

The consolidated financial statements for the three and nine month periods ended September 30, 2000 and 1999 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. Certain amounts reported in 1999 have been reclassified to conform to the 2000 presentation. 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. Shares used in computing Net Income per Share

<TABLE>

<CAPTION>

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2000	1999	2000	1999
<S>	<C>	<C>	<C>	<C>
Weighted average number of common shares outstanding-basic	123,434	123,226	123,016	123,318
Common stock equivalents	3,611	2,748	3,314	3,734

Weighted average number of common and common equivalent shares outstanding-diluted	127,045	125,974	126,330	127,052
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</TABLE>

Basic income per share is computed using the weighted average number of common 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. Common equivalent shares consist of stock options and are computed using the treasury stock method.

3. 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 liability consisted of the following:

	September 30, 2000	December 31, 1999
(in thousands)		
Unrealized gain on investments	\$ 74,684	\$ 87,162
Internally generated capitalized software	36,690	36,858
Excess of tax over book depreciation and amortization	16,775	13,438
Other	15,153	9,268
Purchased incomplete software technology	(44,204)	(47,663)
Accrued expenses not currently deductible	(28,173)	(25,407)
Deferred revenues	(11,985)	(13,693)
Total	\$ 58,940	\$ 59,963

4. Supplemental Cash Flow Information

	Nine Months Ended September 30,	
	2000	1999
(in thousands)		
Interest paid	\$ 20,941	\$ 16,630
Income taxes paid	66,255	55,627
Liabilities assumed in acquisitions of businesses	401,520	250,391

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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.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2000	1999	2000	1999
(Percent of Revenues)				
Revenues	100.0%	100.0%	100.0%	

	<C>	<C>	<C>	<C>
Salaries and related costs	48.9	48.5	48.1	47.9
Data processing costs	6.7	7.8	6.9	8.2
Other operating expenses	18.3	19.0	18.7	19.4
Depreciation and amortization	4.5	4.6	4.3	4.4
Amortization of intangible assets	2.0	1.5	2.5	1.4
Amortization of software-net	0.3	0.3	0.1	0.5

Total cost of revenues	80.7	81.7	80.6	81.8

Operating income 19.3 18.3 19.4 18.2

</TABLE>

Revenues

Revenues increased 15.2% from \$352.7 million in the third quarter of 1999 to \$406.2 million in the current third quarter and 18.0% from \$1,033.0 million in the first nine months of 1999 to \$1,219.0 million in the comparable current period. Revenue growth was derived from sales to new clients, cross-sales to existing clients, growth in transaction volume experienced by existing clients, price increases and revenues from acquired businesses. Revenues from acquired businesses approximated 45% of total revenue growth in the first nine months of 2000.

Cost of Revenues

Cost of revenues increased 13.8% from \$288.1 million in the third quarter of 1999 to \$328.0 million in the current third quarter, and 16.2% from \$845.3 million in the first nine months of 1999 to \$982.5 million in the first nine months of 2000. The make up of cost of revenues has been affected by business acquisitions, changes in the mix of the Company's business and operational efficiencies.

Operating Income

Operating income increased 21.1% from \$64.6 million in the third quarter of 1999 to \$78.2 million in the current third quarter, and increased 26.0% from \$187.7 million in the first nine months of 1999 to \$236.6 million in the first nine months of 2000. As a percentage of revenues, operating margins were higher during both the third quarter and first nine months of 2000 when compared to the prior year periods due primarily to increased transaction volume and increased operating leverage of existing operations.

Realized Gain from Sale of Investment

During the first nine months of 2000, the Company sold 200,000 shares of Knight Trading Group, Inc. resulting in a realized gain of \$5.8 million. As of September 30, 2000, the Company owns 3,204,930 shares of Knight Trading Group, Inc.

Income Tax Provision

Income taxes were computed at 41% in both 2000 and 1999. The 41% rate is expected to apply throughout the current year.

Net Income

Net income for the third quarter increased 27.1% from \$35.2 million in 1999 to \$44.7 million in 2000. Net income for the first nine months increased 29.1% from \$103.0 million in 1999 to \$132.9 million in 2000. Net income per share-diluted for the third quarter was \$0.34 in 2000, before recognizing a \$0.01 per share realized gain from sale of investment, compared to \$0.28 in 1999. Net income per share-diluted for the first nine months of 2000 was \$1.02, before recognizing a \$0.03 per share realized gain from sale of investment, compared to \$0.81 in the comparable 1999 period.

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Business Segment Information

The Company is a leading independent provider of financial data processing systems and related information management services and products to financial institutions and other financial intermediaries. The Company's operations have been classified into three business segments: Financial institution outsourcing, systems and services; Securities processing and trust services and "All other and corporate". Summarized financial information by business segment is as follows:

<TABLE>
<CAPTION>

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2000	1999	2000	1999
	(In thousands)			
<S>	<C>	<C>	<C>	<C>
Revenues:				
Financial institution outsourcing, systems and services	\$307,135	\$270,264	\$ 913,315	\$ 793,073
Securities processing and trust services	82,672	66,428	256,846	193,558
All other and corporate	16,382	15,971	48,864	46,413
--				
Total	\$406,189	\$352,663	\$1,219,025	\$1,033,044
--				
Operating income:				
Financial institution outsourcing, systems and services	\$ 56,893	\$ 48,203	\$ 166,748	\$ 137,618

Securities processing and trust services	22,383	16,980	72,779	52,980
All other and corporate	(1,053)	(614)	(2,962)	(2,892)
--	-----	-----	-----	-----
Total	\$ 78,223	\$ 64,569	\$ 236,565	\$ 187,706
--	-----	-----	-----	-----

Revenues in the financial institution outsourcing, systems and services business segment increased from \$270.3 million in the third quarter of 1999 to \$307.1 million in the current third quarter, and increased from \$793.1 million in the first nine months of 1999 to \$913.3 million in the comparable current period. Operating income in the financial institution outsourcing, systems and services business segment increased from \$48.2 million in the third quarter of 1999 to \$56.9 million in the current third quarter, and increased from \$137.6 million in the first nine months of 1999 to \$166.7 million in the first nine months of 2000.

Revenues in the securities processing and trust services business segment increased from \$66.4 million in the third quarter of 1999 to \$82.7 million in the current third quarter, and increased from \$193.6 million in the first nine months of 1999 to \$256.8 million in the comparable current period. Year-to-date revenue growth was derived from sales to new clients, increased transaction volumes from existing clients and the acquisitions of JWGenesis Clearing Corporation in June 1999 and Resources Trust Company in May 2000. Operating income in this business segment increased from \$17.0 million in the third quarter of 1999 to \$22.4 million in the current third quarter, and increased from \$53.0 million in the first nine months of 1999 to \$72.8 million in the first nine months of 2000.

Liquidity and Capital Resources

The following table summarizes the Company's primary sources (uses) of funds during the nine months ended September 30, 2000 and 1999:

<TABLE>
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	2000	1999
	-----	-----
	(In thousands)	
	<C>	<C>
Cash provided by operating activities before changes in securities processing receivables and payables - net	\$256,469	\$ 230,191
Securities processing receivables and payables - net	15,236	(54,873)
	-----	-----
Cash provided by operating activities	271,705	175,318
Proceeds from (repayments of) short-term obligations-net	(52,750)	30,662
Proceeds from (repayments of) long-term obligations-net	(7,629)	113,153
Increase in investments	(32,791)	(26,083)
	-----	-----
Total	\$178,535	\$ 293,050
	=====	=====

</TABLE>

Long-term obligations amounted to \$466.2 million at September 30, 2000 and included \$369.2 million advanced under an aggregate of \$575.0 million in revolving credit facilities. The Company has used a significant portion of its cash flow from operations for acquisitions and capital expenditures with any remainder used to reduce long-term debt. The Company believes that its cash flow from operations together with other available sources of funds will be adequate to meet its funding requirements. In the event that the Company makes significant future acquisitions, however, it may raise funds through additional borrowings or issuances of securities.

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995 Except for the historical information contained herein, the matters discussed in this Form 10-Q are forward-looking statements that involve risks and uncertainties, including but not limited to economic, competitive, governmental and technological factors affecting the Company's operations, markets, services and related products, prices and other factors discussed in the Company's prior filings with the Securities and Exchange Commission. Although the Company believes that the assumptions underlying the forward-looking statements contained herein are reasonable, any of the assumptions could be inaccurate. Therefore, there can be no assurance that the forward-looking statements included in this Form 10-Q will prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by the Company or any other person that the objectives and plans of the Company will be achieved.

PART II. OTHER INFORMATION

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

(a) Exhibits

The exhibits listed in the accompanying exhibit index are filed as part of this Quarterly Report on Form 10-Q.

(b) Reports on Form 8-K

No reports on Form 8-K were filed during the quarter ended September 30, 2000.

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 October 23, 2000

by /s/ Kenneth R. Jensen

KENNETH R. JENSEN
Senior Executive Vice President, Chief
Financial Officer, Treasurer and
Assistant Secretary

FISERV, INC.

EXHIBIT INDEX TO QUARTERLY REPORT ON FORM 10-Q
For the Quarterly Period ended September 30, 2000

- (11) Statement regarding computation of per share earnings (included in Part 1, page 5).
(27) Financial data schedule.

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