FISERV INC
Form 10-K
February 20, 2014
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-K

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

For the fiscal year ended: December 31, 2013

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 Dr., Brookfield, WI 53045

(Address of Principal Executive Offices, Including Zip Code)

Registrant s telephone number, including area code: (262) 879-5000

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, par value $0.01 per share	The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes þ No ¨

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ¨ No þ

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 þ No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þ No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. þ

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer þ Accelerated Filer ¨ Non-Accelerated Filer ¨ Smaller Reporting Company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No þ

The aggregate market value of the common stock of the registrant held by non-affiliates as of June 28, 2013 (the last trading day of the second fiscal quarter) was $11,248,610,213 based on the closing price of the registrant s common stock on the NASDAQ Global Select Market on that date. The number of shares of the registrant s common stock, $0.01 par value per share, outstanding at February 14, 2014 was 254,486,523.

DOCUMENTS INCORPORATED BY REFERENCE

Part III of this report incorporates information by reference to the registrant s proxy statement for its 2014 annual meeting of shareholders, which proxy statement will be filed with the Securities and Exchange Commission no later than 120 days after the close of the fiscal year ended December 31, 2013.

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FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. Forward-looking statements include those that express a plan, belief, expectation, estimation, anticipation, intent, contingency, future development or similar expression, and can generally be identified as forward-looking because they include words such as believes, anticipates, expects, could, should or words of similar meaning. Statements that describe our future plans, objectives or goals are also forward-looking statements. The forward-looking statements in this report involve significant risks and uncertainties, and a number of factors, both foreseen and unforeseen, that could cause actual results to differ materially from our current expectations. The factors that may affect our results include, among others: the impact on our business of the current state of the economy, including the risk of reduction in revenue resulting from decreased spending on the products and services we offer; legislative and regulatory actions in the United States and internationally, including the impact of the Dodd-Frank Wall Street Reform and Consumer Protection Act and related regulations; our ability to successfully integrate acquisitions, including Open Solutions, into our operations; changes in client demand for our products or services; pricing or other actions by competitors; the impact of our strategic initiatives; our ability to comply with government regulations, including privacy regulations; and other factors discussed in this report under the heading Risk Factors. You should consider these factors carefully in evaluating forward-looking statements and are cautioned not to place undue reliance on such statements, which speak only as of the date of this report. We undertake no obligation to update forward-looking statements to reflect events or circumstances occurring after the date of this report. We are not including the information provided on the websites referenced herein as part of, or incorporating such information by reference into, this Annual Report on Form 10-K.

PART I

In this report, all references to we, us and our refer to Fiserv, Inc. (Fiserv), a Wisconsin corporation, and, unless the context otherwise requires, its consolidated subsidiaries.

Item 1. Business

Overview

Fiserv, Inc. is a leading global provider of financial services technology. We are publicly traded on the NASDAQ Global Select Market and part of the S&P 500 Index. We serve approximately 14,500 clients worldwide, including banks, thrifts, credit unions, investment management firms, leasing and finance companies, retailers, merchants and government agencies. We provide account processing systems; electronic payments processing products and services, such as electronic bill payment and presentment, card-based transaction processing and network services, ACH transaction processing, account-to-account transfer products, and person-to-person payments; internet and mobile banking systems; and related services including document and payment card production and distribution, check processing and imaging, source capture systems, and lending and risk management products and services. The majority of the services we provide are necessary for our clients to operate their business and are, therefore, non-discretionary in nature. Our operations are principally located in the United States where we operate data and transaction processing centers, provide technology support, develop software and payment solutions, and offer consulting services. We also own a 49% interest in StoneRiver Group, L.P. (StoneRiver), which is comprised of our former insurance services businesses.

In 2013, we had $4.8 billion in total revenue, $1.1 billion in operating income and net cash provided by operating activities from continuing operations of $1.0 billion. Processing and services revenue, which in 2013 represented 84% of our consolidated revenue, is primarily generated from account- and transaction-based fees under contracts that generally have terms of three to five years. We also have had high contract renewal rates with our clients. Our international operations contributed approximately 7% of total revenue in each of 2013, 2012 and 2011.

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We have grown our business by developing highly specialized services and product enhancements, adding new clients, and acquiring businesses that complement ours, including leading providers of electronic bill payment processing and presentment services, internet and mobile banking solutions, and person-to-person payments, which has enabled us to deliver a wide range of integrated products and services and has created new opportunities for growth.

We originally incorporated in Delaware in 1984 and reincorporated as a Wisconsin corporation in 1992. Our headquarters are located at 255 Fiserv Drive, Brookfield, Wisconsin 53045, and our telephone number is (262) 879-5000.

The Markets We Serve

General

The market for products and services offered by financial institutions is experiencing continuous change. The financial industry regularly introduces and implements new payment, deposit, lending, investment and risk management products, and the distinctions among the products and services traditionally offered by different types of financial institutions continue to narrow as they seek to serve the same customers.

The growing volume and types of payment transactions and the increased focus on new channels such as internet, mobile and tablet banking have increased the data and transaction processing needs of financial institutions. We expect that financial institutions will continue to invest significant capital and human resources to process transactions, manage information and offer innovative new services to their customers in this rapidly evolving and competitive environment. We believe that economies of scale in developing and maintaining the infrastructure, technology, products, services and networks necessary to be competitive in such an environment are essential to justify these investments.

Our revenue is diversified, and our focus on long-term client relationships and recurring, transaction-oriented products and services has reduced the impact that consolidation in the financial services industry has had on us. We have clients that span the entire range of financial institutions in terms of asset size and business model, and our 50 largest financial institution clients represent less than 25% of our annual revenue. In addition, we believe that our products and services can assist financial institutions with the regulatory and economic challenges that they currently face by providing, among other things, opportunities to reduce their costs and new sources of revenue.

We anticipate that demand for products that facilitate customer interaction with financial institutions, including electronic transactions through the internet, mobile or tablet devices, sometimes referred to as digital channels, will continue to increase, which we expect to create revenue opportunities for us. As a result, we believe that our sizable and diverse client base, combined with our position as a leading provider of non-discretionary, recurring revenue-based products and services, gives us a solid foundation for growth. In addition, we believe that the integration of our products and services creates a compelling value proposition for our clients.

Our operations are reported in the Payments and Industry Products (Payments) and Financial Institution Services (Financial) business segments.

Payments

The businesses in our Payments segment provide financial institutions and other companies with the products and services required to process electronic payment transactions and to offer their customers access to financial services through digital channels. Financial institutions and other companies have increasingly relied on third-party providers for those products and services, either on a licensed software or outsourced basis, as an increasing number of payment transactions are completed electronically and as our clients customers seek the convenience of 24-hour digital access to their financial accounts. Within the Payments segment, we primarily

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provide electronic bill payment and presentment services, debit and other card-based payment products and services, internet and mobile banking software and services, and other electronic payments software and services, including account-to-account transfers and person-to-person payments. Our businesses in this segment also provide investment account processing services for separately managed accounts, card and print personalization services, and fraud and risk management products and services.

Financial

The businesses in our Financial segment provide financial institutions with the products and services they need to run their operations. Many financial institutions that previously developed their own software systems and maintained their own data processing operations now license software from third parties or outsource their data processing requirements by contracting with third-party processors. This has allowed them to reduce costs and enhance their products, services, capacity and capabilities. The licensing of software reduces the need for costly technical expertise within a financial institution, and outsourcing data processing operations reduces the infrastructure and other costs required to operate systems internally. Within the Financial segment, we provide banks, thrifts and credit unions with account processing services, item processing and source capture services, loan origination and servicing products, cash management and consulting services, and other products and services that support numerous types of financial transactions.

Our Strategy

Our vision is to be a global leader in transaction-based technology solutions. Our mission is to provide integrated technology and services solutions that enable best-in-class results for our clients. We are focused on operating businesses where we have: deep industry expertise that enables us to serve the market with high effectiveness; a strong competitive position, currently or via a clear path in the foreseeable future; long-term, trusted client relationships which are based on recurring services and transactions; differentiated solutions that deliver value to our clients through integration and innovation; and strong management to execute strategies in a disciplined manner. Consistent with this focus, we continue to operate our business in accordance with the following strategic framework:

Portfolio Management. We expect to acquire businesses when we identify: a compelling strategic need, such as a product, service or technology that helps meet client demand; an opportunity to change industry dynamics; a way to achieve business scale; or similar considerations. We expect to divest businesses that are not in line with our market, product or financial strategies.

Client Relationship Value. We plan to increase the number and breadth of our client relationships by, among other actions: continuing to integrate our products, services and sales groups; combining products and services to deliver enhanced, integrated value propositions; and improving the quality of our client service and support.

Operational Effectiveness. We believe we can improve the quality of our client delivery while reducing our costs by using the opportunities created by our size and scale. For example, we are using our consolidated buying power and shared utility structures to create cost savings.

Capital Discipline. We intend to make capital allocation decisions that offer the best prospects for our long-term growth and profitability, which may include, among other matters, internal investment, repayment of debt, repurchases of our own shares or acquisitions.

Innovation. Finally, we seek to be an innovation leader, utilizing our assets and capabilities to be at the forefront of our industry.

Principal Solutions and Services

Financial information regarding our business segments is included in Note 10 to the consolidated financial statements on page 56.

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Payments

Electronic Banking

Our electronic banking business is comprised of electronic bill payment and presentment services, biller services, digital channel services, and other electronic payments services such as person-to-person payments and account-to-account transfers.

Electronic bill payment and presentment

Our principal electronic bill payment and presentment product, CheckFree® RXP®, allows our clients customers: to manage household bills via an easy-to-use, online tool; to view billing and payment information; to pay and manage all of their bills in one place; to experience the speed of payment they might have at a biller s site; and to make convenient next-day payments to many of the companies with which they do business. We use our systems to process the vast majority of the payment transactions that we handle, which enables us to improve our economies of scale. Once a consumer has accessed the system through a financial institution, he or she can elect to pay an electronic bill delivered by us or can instruct the system to pay any individual or company within the U.S.

Biller

Our biller business provides electronic billing and payment services to companies that deliver bills to their customer base, such as utilities, telephone and cable companies, consumer lending, and insurance providers, enabling our biller clients to reduce costs, collect payments faster, and provide customers flexible, easy-to-use ways to view and pay their bills. We believe that consumers will continue to shift their financial transactions from traditional, paper-based methods to electronic methods if they have easy-to-access, easy-to-use, secure and cost-effective methods of receiving and paying their bills electronically. Consumers use our electronic billing and payment systems by viewing or paying a bill through a financial institution s bill pay application, use of a biller s website, mobile application or automated phone system, www.mycheckfree.com, or by paying in person at one of our 26,000 nationwide walk-in payment locations at retail stores operated by our partners. These diverse services allow our clients customers to view and pay bills wherever, whenever and however they feel most comfortable. Furthermore, because our biller clients are able to receive all of these services from us, we can eliminate the operational complexity and expense of supporting multiple vendor systems or in-house developed systems.

Digital channels

Our principal online consumer and business banking products for larger financial institutions are Corillian Online® and Corillian® Business Online. Corillian Online and Corillian Business Online support multiple lines of banking businesses and have been designed to be highly scalable to meet the evolving needs of our clients. This structure enables our clients to deploy new services by adding and integrating applications, such as electronic bill payment, person-to-person payments and personal financial management tools, to any internet connected point-of-presence. We also provide the advanced capabilities of Corillian Online in a hosted environment.

Our Mobiliti™ product provides a variety of mobile banking and payments services through a mobile or tablet device to our clients and their customers, including balance inquiry, transaction history, bill payment, person-to-person payments and transfers. It enables financial institutions to reach more consumers than via other technologies because it supports all three mobile access modes: mobile browser, downloaded application for smart phones and tablets, and text message. We provide a hosted version of Mobiliti as well as a highly customizable licensed version. In the first quarter of 2011, we acquired M-Com, an international mobile banking and payments provider, which has enhanced our mobile and payment capabilities.

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Person-to-person payments and other electronic transactions

In the third quarter of 2011, we acquired CashEdge, a leading provider of consumer and business payments solutions such as account-to-account transfer, account opening and funding, data aggregation, small business invoicing and payments, and person-to-person payments. CashEdge s person-to-person payments solution, Popmoney®, allows consumers a convenient way to send and receive money while offering financial institutions the opportunity to generate new transaction-based revenue, attract new accounts and increase loyalty among existing customers. Popmoney can be accessed through a Fiserv website, www.popmoney.com, through Fiserv s mobile applications for iPhone® and Android™, or through the websites and mobile banking applications of participating financial institutions. In the second quarter of 2013, we introduced Popmoney Instant Payments, which extends the functionality of the Popmoney person-to-person payments service by enabling real-time exchange of funds within a secure environment. As of December 31, 2013, more than 2,100 financial institutions have agreed to offer our person-to-person payments services.

Card Services

Our card services business is a leader in electronic funds transfer and provides a total payments solution through a variety of products and services. We offer ATM and point of sale PIN-based debit transaction processing, signature debit processing, ATM driving and monitoring, private label and bankcard credit card processing, electronic benefits transfer switching, prepaid program management and processing, and national and regional network access. We own the Accel™ network and drive approximately 20,000 ATMs. Comprehensive integration with our account processing products and services allows us to reduce costs and increase efficiencies for our clients through enterprise offerings in areas such as risk management and loyalty rewards. Our card services business has more than 4,300 clients, including banks and credit unions of all asset sizes, resellers, finance companies, independent sales organizations and merchant acquirers across the U.S. In 2013, we processed more than 12 billion debit and credit transactions, making us one of the largest financial transaction processors in the nation.

Output Solutions

Our output solutions business provides business communication solutions to clients across a wide variety of industries, such as financial services, healthcare, billing, retail, utilities, and travel and entertainment, among others. Our products and services include: electronic document management through our electronic document delivery products and services; card manufacturing, personalization and mailing; statement and coupon book production and mailing; design and fulfillment of direct mail solutions; forms distribution; laser printing and mailing; branded merchandise; and office supplies.

Investment Services

We provide financial planning, portfolio management and trading, models management, performance measurement, and reporting products and services to over 300 financial service organizations, including broker dealers, registered investment advisors, banks and insurance companies that deliver financial advice and managed account products to U.S. retail investors. Our investment services business also supports global institutional asset managers with portfolio accounting, performance analytics, fee billing and revenue management, and post-trade processing technology.

Our fee-based wealth management clients are typically sponsors or managers that create or offer a variety of managed account programs to U.S. retail investors, including mutual fund advisory, separately managed accounts and unified managed accounts. Our primary product, the Unified Wealth Platform, is a real-time portfolio management, trading and reporting system used by the largest brokerage firms, based on assets under management, and the largest asset managers in the U.S. offering managed accounts. Our industry-leading platform supports more than 4.0 million accounts as of December 31, 2013.

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Risk Management

Our risk management business provides a variety of financial crime, compliance, anti-money laundering, fraud prevention, market surveillance and employee fraud detection products and services. Our offerings include Fraud Risk Manager™, Fraud Detection System℠, FraudLink® and FraudGuard®. We also provide solutions that align the measurements, processes and systems for institutions to execute on business plans, decisions and budgets, in addition to solutions that promote business efficiency through transaction matching, account reconciliation and exception management.

Financial

We provide products and services to meet the financial technology needs of banks, credit unions, thrifts and leasing and finance companies. Many of the products and services that we provide are sold as an integrated system to our clients and include account, item and lending processing as well as solutions from our Payments segment such as electronic bill payment and presentment, internet and mobile banking, debit processing and network services, and person-to-person payments.

Account Processing

We provide account servicing and management capabilities to our bank, thrift and credit union clients, as well as a complete range of integrated, value-added banking products and services. Account processing solutions are the principal systems that enable a financial institution to operate and include systems that process customer deposit and loan accounts, an institution s general ledger, central information files and other financial information. These solutions also include extensive security, report generation and other features that financial institutions need to process transactions for their customers, as well as to comply with applicable regulations. Account processing solutions are offered as an outsourced service, as stand-alone, licensed software for installation on client-owned computer systems, or via some combination of these options. More than one in every three financial institutions in the U.S. uses a Fiserv account processing system.

Although many of our clients contract to obtain all or a majority of their data processing requirements from us, our modular software design allows clients to start with one application and, as needed, add applications and features developed by us or by third parties. We support a broad range of client-owned peripheral devices manufactured by a variety of vendors, which reduces a new client s initial conversion expenses, enhances existing clients ability to change equipment, and broadens our market. The principal account processing solutions used by our bank and thrift clients are Cleartouch®, DNA™, Precision®, Premier®, Signature® and TotalPlus®. The Signature system is available both domestically and internationally. The principal account processing solutions primarily used by our credit union clients are Advantage™, Charlotte℠, CubicsPlus®, CUnify™, CUSA®, DataSafe®, DNA, Galaxy®, OnCU®, Portico®, Reliance®, Spectrum® and XP2®.

In the first quarter of 2013, we acquired Open Solutions Inc. (Open Solutions), a provider of account processing technology for financial institutions. Open Solutions primary account processing product, DNA, is designed to enable financial institutions to easily add and customize ancillary solutions using its applications feature. This acquisition advanced Fiserv s go-to-market strategies by adding a number of products and services and by expanding the number of account processing clients to which we can provide a broad array of our add-on solutions.

Item Processing

Our item processing business offers products and services to financial institutions and intermediaries. Through the Fiserv Clearing Network, we provide complete check clearing and image exchange services. Other solutions include image archive with online retrieval, in-clearings, exceptions and returns, statements and fraud detection. We also provide consulting services, business operations services and related software products that facilitate the transformation of our clients payments environments from paper-based to electronic.

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Lending and Global Payment Solutions

Our lending business offers products and services to financial institutions and intermediaries, including: loan originations, servicing and default systems for auto, consumer, real estate and business lending; along with a full complement of services such as customization, business process outsourcing, education, and consulting and implementation services. Our global payment solutions business provides solutions for ACH, treasury management, case management and resolution, source capture optimization, and enterprise cash and content management to the financial services industry. Our offerings include PEP+®, Integrated Currency Manager , Device Manager , CorPoint®, LoanComplete , Titan , Director®, and our remote deposit capture solutions are branded as Source Capture Solutions®.

Servicing the Market

The markets for our account and transaction processing services have specific needs and requirements, with strong emphasis placed by clients on flexibility, quality, comprehensiveness and integration of product lines, service reliability, timely introduction of new products and features and cost effectiveness. We believe that our financial strength and primary focus on the financial services industry enhances our ability to meet these needs and service our clients. In addition, we believe that our dedication to providing excellent client service and support no matter the size of the client and our commitment of substantial resources to training and technical support helps us to retain clients. For example, we conduct client training in technology centers where we maintain fully equipped demonstration and training facilities that contain equipment used in the delivery of our services. We also provide on-site training services and online education to clients.

Product Development

To meet the changing technology needs of our clients, we continually develop, maintain and enhance our products and systems. In each of 2013, 2012 and 2011, product development expenditures represented approximately 9% of our total revenue. Our network of development and technology centers apply the expertise of multiple teams to design, develop and maintain specialized processing systems. Our account processing systems are designed to meet the preferences and diverse requirements of the international, national, regional or local market-specific financial service environments of our clients. In developing our products, we use current software development principles, such as service-oriented architecture, to create efficiencies, and we stress interaction with and responsiveness to the needs of our clients.

Intellectual Property

We regard our software, transaction processing services and related products as proprietary, and we utilize a combination of patent, copyright, trademark and trade secret laws, internal security practices and employee and third party non-disclosure agreements to protect our intellectual property assets. The majority of our patents cover various electronic billing and payment innovations, other financial software products or services, or aspects of our separately managed accounts services. We continue, where appropriate, to seek and secure patents with respect to our technology. We believe that we possess all proprietary rights necessary to conduct our business.

Competition

The market for technology products and services in the financial industry is highly competitive. Our principal competitors include other vendors of financial services technology, data processing affiliates of large companies, large computer hardware manufacturers and processing centers owned and operated as user cooperatives. In addition, certain existing and potential financial institution clients may have the ability to create their own in-house systems. Some of these competitors possess substantially greater financial, sales and marketing resources than we do and have substantial flexibility in competing with us, including through the use of integrated product offerings and through pricing. Competitive factors for our business include product quality, security, service reliability, product line comprehensiveness and integration, timely introduction of new products and features, and price. We believe that we compete favorably in each of these categories. We expect competition to continue to increase as new companies enter our markets and existing competitors expand their product lines and services. Additional information about competition in our segments is provided below.

Payments

We compete with a number of competitors in our bill payment, biller solutions and card services businesses, including ACI Worldwide, Fidelity National Information Services, Inc. (FIS), First Data Corporation, Jack Henry and Associates, Inc. (Jack Henry), MasterCard Incorporated, Total System Services, Inc., Visa, Inc. and Western Union. Certain existing and potential financial institution and biller clients also have the ability to develop and use their own in-house systems instead of our products and services. In addition, many companies that provide outsourced internet finance solutions are consolidating, creating larger competitors with greater resources and broader product lines. Our investment services business competes primarily with providers of portfolio accounting software and outsourced services and with in-house solutions developed by large financial institutions.

Financial

Our products and services in the Financial segment compete in several different market segments and geographies, including with large, diversified software and service companies and independent suppliers of software products. This competition is intensified by the efforts of vendors and consultants who encourage clients to establish client-operated data centers and the design and implementation of customized software solutions. We also compete with vendors that offer similar transaction processing products and services to financial institutions, including FIS, Jack Henry and Harland Financial Solutions, Inc.

Government Regulation

Fiserv and its subsidiaries are generally not directly subject to federal or state regulations specifically applicable to financial institutions such as banks, thrifts and credit unions. However, as a provider of services to these financial institutions, our operations are examined on a regular basis by state regulatory authorities and representatives of the Federal Financial Institutions Examination Council, which is a formal interagency body empowered to prescribe uniform principles, standards and report forms for the federal examination of financial institutions and to make recommendations to promote uniformity in the supervision of financial institutions. Also, state and federal regulations require our financial institution clients to include certain provisions in their contracts with service providers like us. Because we use the Federal Reserve s ACH network to process many of our transactions, we are subject to the Federal Reserve Board s rules with respect to its ACH network. In addition, independent auditors annually review many of our operations to provide internal control evaluations for our clients, auditors and regulators.

In conducting our direct-to-consumer electronic commerce business, including our walk-in bill payment, prepaid card services, online bill payment and Popmoney person-to-person payment services, we are directly subject to various federal and state laws and regulations relating to the electronic movement of money. In order to comply with our obligations under applicable laws, we are required, among other matters, to comply with licensing and reporting requirements, to implement operating policies and procedures to comply with anti-money laundering laws and protect the privacy and security of our clients information, and to undergo periodic audits and examinations.

In 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act) was enacted. The Dodd-Frank Act introduced substantial reforms to the supervision and operation of the financial services industry, including introducing changes that: affect the oversight and supervision of financial institutions; provide for a new resolution procedure for large financial companies; introduce more stringent regulatory capital

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requirements; implement changes to corporate governance and executive compensation practices; and require significant rule-making. The Dodd-Frank Act also established a new federal interagency council called the Financial Stability Oversight Council (FSOC) and a new federal bureau called the Consumer Financial Protection Bureau (CFPB). The FSOC monitors and assesses systemic risk to the safety of the U.S. financial system and coordinates the actions of the various regulatory agencies on those issues. The CFPB is empowered to conduct rule-making and supervision related to, and enforcement of, federal consumer financial protection laws. The CFPB has issued guidance that applies to supervised service providers which the CFPB has defined to include service providers, like us, to CFPB supervised banks and nonbanks. The Dodd-Frank Act has generated, and will continue to generate, numerous new regulations that will impact the financial industry. It is difficult to predict the extent to which the Dodd-Frank Act, the FSOC, the CFPB or the resulting regulations will impact our business or the businesses of our current and potential clients over the long term.

Employees

We have approximately 21,000 employees globally, many of whom are specialists in our information management centers and related product and service businesses. This service support network includes employees with backgrounds in computer science and the financial industry, often complemented by management and other employees with direct experience in banks, thrifts, credit unions and other financial services environments. Our employees provide expertise in: programming, software development, modification and maintenance; computer operations, network control and technical support; client services and training; business process outsourcing; item and mortgage processing; system conversions; sales and marketing; and account management.

None of our employees in the U.S. are represented by a union, and there have been no work stoppages, strikes or, to our knowledge, attempts to organize. The service nature of our business makes our employees an important corporate asset. Although the market for qualified personnel is competitive, we have not experienced significant difficulty with hiring or retaining our staff of top industry professionals. In assessing a potential acquisition candidate, we emphasize the quality and stability of its employees.

Available Information

Our website address is www.fiserv.com. We are not including the information provided on our website as a part of, or incorporating it by reference into, this Annual Report on Form 10-K. We make available free of charge (other than an investor s own internet access charges) through our website our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to these reports, as soon as reasonably practicable after we electronically file such material with, or furnish such material to, the Securities and Exchange Commission.

Item 1A. Risk Factors

You should carefully consider each of the risks described below, together with all of the other information contained in this Annual Report on Form 10-K, before making an investment decision with respect to our securities. If any of the following risks develop into actual events, our business, financial condition or results of operations could be materially and adversely affected and you may lose all or part of your investment.

Our business may be adversely impacted by U.S. and global market and economic conditions.

For the foreseeable future, we expect to continue to derive most of our revenue from products and services we provide to the financial services industry. Given this concentration, we are exposed to the current global economic conditions in the financial services industry. A prolonged poor economic environment could result in significant decreases in demand by current and potential clients for our products and services and in the number and dollar amount of transactions we process, which could have a material adverse effect on our business, results of operations and financial condition.

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We operate in a competitive business environment and may not be able to compete effectively.

The market for our services is competitive. Our competitors vary in size and in the scope and breadth of the services they offer. Some of our competitors have substantial resources. Many of our larger existing and potential clients have historically developed their key applications in-house. As a result, we often compete against our existing or potential clients in-house capabilities. In addition, we expect that the markets in which we compete will continue to attract new competitors and new technologies, including international providers of similar products and services to ours, having a lower cost structure. We cannot provide any assurance that we will be able to compete successfully against current or future competitors or that competitive pressures faced by us in the markets in which we operate will not materially and adversely affect our business, results of operations and financial condition.

If we fail to adapt our products and services to changes in technology or in the marketplace, or if our ongoing efforts to upgrade our technology are not successful, we could lose clients or have trouble attracting new clients.

The markets for our products and services are characterized by constant technological changes, frequent introductions of new products and services and evolving industry standards. Our ability to enhance our current products and services and to develop and introduce innovative products and services that address the increasingly sophisticated needs of our clients and their customers will significantly affect our future success. We may not be successful in developing, marketing or selling new products and services that meet these changing demands. In addition, we may experience difficulties that could delay or prevent the successful development, introduction or marketing of these services, or our new services and enhancements may not adequately meet the demands of the marketplace or achieve market acceptance. We continually engage in significant efforts to upgrade our products and services. If we are unsuccessful in completing or gaining market acceptance of new technology, it would likely have a material adverse effect on our ability to retain existing clients or attract new ones.

The market for our electronic transaction services continues to evolve and may not continue to develop or grow rapidly enough to sustain profitability.

If the number of electronic transactions does not continue to grow, or if consumers or businesses do not continue to adopt our services, it could have a material adverse effect on our business, financial condition and results of operations. We believe future growth in the electronic transactions market will be driven by the cost, ease-of-use, security and quality of products and services offered to consumers and businesses. In order to consistently increase and maintain our profitability, consumers and businesses must continue to adopt our services. The success of our electronic commerce business also relies in part on contracts with financial institutions, billers and other third parties to market our services to their customers. These contracts are important to the growth in demand for our electronic commerce products. If any of these third parties abandons, curtails or insufficiently increases its marketing efforts, it could have a material adverse effect on our business, financial condition and results of operations.

If we are unable to renew client contracts at favorable terms, we could lose clients, and our results of operations and financial condition may be adversely affected.

Failure to achieve favorable renewals of client contracts could negatively impact our business. Our contracts with clients generally run for a period of three to five years. At the end of the contract term, clients have the opportunity to renegotiate their contracts with us or to consider whether to engage one of our competitors to provide products and services. If we are not successful in achieving high renewal rates and favorable contract terms, our results of operations and financial condition may be adversely affected.

Consolidations in the banking and financial services industry could adversely affect our revenue by eliminating existing or potential clients and making us more dependent on fewer clients.

Failures, mergers and consolidations of financial institutions reduce the number of our clients and potential clients, which could adversely affect our revenue. Further, if our clients fail or merge with or are acquired by other entities that are not our clients, or that use fewer of our services, they may discontinue or reduce their use

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of our services. It is also possible that the larger financial institutions that result from mergers or consolidations could have greater leverage in negotiating terms with us or could decide to perform in-house some or all of the services which we currently provide or could provide. Any of these developments could have a material adverse effect on our business, results of operations and financial condition.

Security breaches, computer malware or other cyber attacks could harm our business by disrupting our delivery of services and damaging our reputation.

Our operations routinely involve receiving, storing, processing and transmitting sensitive information pertaining to our business, our associates, our clients and their customers. Any unauthorized intrusion, malicious software infiltration, network disruption, denial of service, or similar act by a malevolent party could disrupt the integrity, continuity, security and trust of our systems or the systems of our clients or vendors. These events could create financial liability, regulatory sanction, or a loss of confidence in our ability to serve clients or cause current or potential clients to choose another service provider. In addition, as these threats continue to evolve, we may be required to invest significant additional resources to modify and enhance our information security and controls or to investigate and remediate any security vulnerabilities. Although we believe that we maintain a robust program of information security and controls and none of the threats that we have encountered to date have materially impacted us, the impact of a material event could have a material adverse effect on our business, results of operations and financial condition.

Operational failures could harm our business and reputation.

An operational failure in our transaction processing businesses, including our business continuity and disaster recovery capabilities, could harm our business or cause us to lose clients. Such operational failure could be due to the failure of third party networks and systems we rely on to deliver our services and over which we have limited or no control. Interruptions of service could damage our relationship with clients and could cause us to incur substantial expenses, including those related to the payment of service credits or other liabilities. A prolonged interruption of our services or network could cause us to experience data loss or a reduction in revenue. In addition, a significant interruption of service could have a negative impact on our reputation and could cause our current and potential clients to choose another service provider. Any of these developments could materially and adversely impact our business, results of operations and financial condition.

We may experience software defects, development delays or installation difficulties, which would harm our business and reputation and expose us to potential liability.

Our services are based on sophisticated software and computing systems, and we may encounter delays when developing new applications and services. Further, the software underlying our services has occasionally contained and may in the future contain undetected errors or defects when first introduced or when new versions are released. In addition, we may experience difficulties in installing or integrating our technology on systems used by our clients. Defects in our software, errors or delays in the processing of electronic transactions or other difficulties could result in interruption of business operations, delay in market acceptance, additional development and remediation costs, diversion of technical and other resources, loss of clients, negative publicity or exposure to liability claims. Although we attempt to limit our potential liability through disclaimers and limitation of liability provisions in our license and client agreements, we cannot be certain that these measures will successfully limit our liability.

The implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act and related regulations may have an adverse impact on our clients and our business.

In 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act) was signed into law. The Dodd-Frank Act represented a comprehensive overhaul of the financial services industry within the United States and established a new federal interagency council called the Financial Stability Oversight Council (FSOC) and a new federal bureau called the Consumer Financial Protection Bureau

(CFPB). The Dodd-Frank Act requires the CFPB and other federal agencies to implement numerous new regulations, and the CFPB has issued guidance that applies to supervised service providers which the CFPB has defined to include service providers, like us, to CFPB supervised banks and nonbanks. The FSOC is empowered to designate certain financial institutions as well as non-bank financial companies as systemically important financial institutions subject to heightened federal oversight, and the CFPB s rule-making, supervisory and enforcement power related to consumer financial protection laws may extend to service providers for large insured depository institutions or credit unions. It is difficult to predict the extent to which the Dodd-Frank Act, the FSOC, the CFPB or the resulting regulations will impact our business or the businesses of our current and potential clients over the long term. If the FSOC designates our company or any of our subsidiaries as a systemically important financial institution, or the CFPB adopts additional rules and exercises supervisory authority over service providers like us, we could be subject to a greater degree of direct federal oversight than in the past which could slow our ability to adapt to a rapidly changing industry. To the extent the regulations adopted pursuant to the Dodd-Frank Act negatively impact the business, operations or financial condition of our clients, our business and results of operations could be materially and adversely affected because, among other matters, our clients could have less capacity to purchase products and services from us, could decide to avoid or abandon certain lines of business, or could seek to pass on increased costs to us by negotiating price reductions. We could be required to invest a significant amount of time and resources to comply with additional regulations or oversight or to modify the manner in which we provide products and services to our clients; and such regulations could directly or indirectly limit how much we can charge for our services. We may not be able to update our existing products and services, or develop new ones, to satisfy our clients needs. Any of these events, if realized, could have a material adverse effect on our business, results of operations and financial condition.

If we fail to comply with applicable regulations our businesses could be harmed.

We are generally not directly subject to federal or state regulations specifically applicable to financial institutions such as banks, thrifts and credit unions. However, as a provider of services to these financial institutions, we are subject to contractual requirements imposed by the financial institutions with respect to a number of state and federal regulations, including privacy laws, and our operations are examined on a regular basis by various state and federal regulatory authorities. Also, regulators such as the CFPB are increasingly signaling an intent to enforce regulations directly against service providers to financial institutions, and any such direct enforcement could result in increased operating costs for us and additional restrictions on our business processes. If we fail to comply with any applicable regulations, we could be exposed to suits for breach of contract or to governmental proceedings, our client relationships and reputation could be harmed and we could be inhibited in our ability to obtain new clients. In addition, the future enactment of more restrictive laws or rules on the federal or state level, or, with respect to our international operations, in foreign jurisdictions on the national, provincial, state or other level, could have an adverse impact on our business, results of operations and financial condition.

Our failure to comply with a series of complex regulations in our payments businesses could subject us to liability.

Certain Fiserv subsidiaries are licensed as money transmitters in those states where such licensure is required. These licenses require us to demonstrate and maintain certain levels of net worth and liquidity and also require us to file periodic reports. In addition, our direct-to-consumer payments business, comprised of our walk-in bill payment, prepaid card services, online bill payment and Popmoney person-to-person payment services, is subject to federal regulation in the United States, including anti-money laundering regulations and certain restrictions on transactions to or from certain individuals or entities. The complexity of these regulations will continue to increase our cost of doing business. In addition, any violations of law may result in civil or criminal penalties against us and our officers, or the prohibition against us providing money transmitter services in particular jurisdictions.

We may be sued for infringing the intellectual property rights of others.

Third parties may claim that we are infringing their intellectual property rights. We may expose ourselves to additional liability if we agree to indemnify our clients against third party infringement claims. If the owner of intellectual property establishes that we are, or a client which we are obligated to indemnify is, infringing its intellectual property rights, or that our intellectual property rights are invalid, we may be forced to change our products or services, and such changes may be expensive or impractical. We may then be forced to seek royalty or license agreements from the owner of such rights. If we are unable to agree on acceptable terms, we may be required to discontinue the sale of key products or halt other aspects of our operations. We may also be liable for financial damages for a violation of intellectual property rights, and we may incur expenses in connection with indemnifying our clients against losses suffered by them. Any adverse result related to violation of third party intellectual property rights could materially and adversely harm our business, financial condition and results of operations. Even if intellectual property claims brought against us are without merit, they may result in costly and time consuming litigation and may divert our management and key personnel from operating our business.

Misappropriation of our intellectual property and proprietary rights could impair our competitive position.

Our ability to compete depends upon proprietary systems and technology. We actively seek to protect our proprietary rights. Nevertheless, unauthorized parties may attempt to copy aspects of our services or to obtain and use information that we regard as proprietary. The steps we have taken may not prevent misappropriation of technology. Agreements entered into for that purpose may not be enforceable or provide us with an adequate remedy. Effective patent, trademark, service mark, copyright and trade secret protection may not be available in every country in which our applications and services are made available. Misappropriation of our intellectual property or potential litigation concerning such matters could have a material adverse effect on our business, results of operations and financial condition.

Acquisitions subject us to risks, including increased debt, assumption of unforeseen liabilities and difficulties in integrating operations.

A major contributor to our growth in revenue and earnings since our inception has been our ability to identify, acquire and integrate complementary businesses. We anticipate that we will continue to seek to acquire complementary businesses, products and services. We may not be able to identify suitable acquisition candidates in the future, which could adversely affect our future growth, or businesses that we acquire may not perform as well as expected or may be more difficult to integrate and manage than expected, which could adversely affect our business and results of operations. We may not be able to fully integrate all aspects of acquired businesses successfully or fully realize the potential benefits of bringing them together. In addition, the process of integrating these acquisitions may disrupt our business and divert our resources.

These risks may arise for a number of reasons: we may not be able to find suitable businesses to acquire at affordable valuations or on other acceptable terms; we face competition for acquisitions from other potential acquirers; we may need to borrow money or sell equity or debt securities to the public to finance future acquisitions and the terms of these financings may be adverse to us; changes in accounting, tax, securities or other regulations could increase the difficulty or cost for us to complete acquisitions; we may incur unforeseen obligations or liabilities in connection with acquisitions; we may need to devote unanticipated financial and management resources to an acquired business; we may not realize expected operating efficiencies or product integration benefits from an acquisition; we could enter markets where we have minimal prior experience; and we may experience decreases in earnings as a result of non-cash impairment charges.

We may be obligated to indemnify the purchasers of businesses pursuant to the terms of the relevant purchase and sale agreements.

In the past several years, we sold several significant businesses. In connection with these sales, we made representations and warranties about the businesses and their financial affairs and agreed to retain certain liabilities associated with our operation of the businesses prior to their sale. Our obligation to indemnify the purchasers and agreement to retain liabilities could have a material adverse effect on our business, results of operations and financial condition.

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The failure to attract and retain key personnel could have a material adverse effect on our business.

We depend on the experience, skill and contributions of our senior management and other key employees. If we fail to attract, motivate and retain highly qualified management, technical and compliance personnel, our future success could be harmed. Our senior management provides strategic direction for our company, and if we lose members of our leadership team, our management resources may have to be diverted from other priorities to address this loss. Our products and services require sophisticated knowledge of the financial services industry, applicable regulatory and industry requirements, computer systems and software applications, and if we cannot hire or retain the necessary skilled personnel, we could suffer delays in new product development, experience difficulty complying with applicable requirements or otherwise fail to satisfy our clients demands.

If we fail to comply with the applicable requirements of the payment card networks, they could seek to fine us, suspend us or terminate our registrations which could adversely affect our business.

We are subject to card association and network rules governing Visa, MasterCard, American Express, Discover or other similar organizations. The rules of the card networks are set by their boards which may be influenced by card issues, and some of those issuers are our competitors with respect to transaction processing services. If we fail to comply with these rules, we could be fined, our certifications could be suspended, or our certifications could be terminated. The suspension or termination of our certifications, or any changes to the card association and network rules, could limit our ability to provide transaction processing services to clients and result in a reduction of revenue or increased costs of operation, which, in either case, could have a material adverse effect on our business and results of operations.

Our balance sheet includes significant amounts of goodwill and intangible assets. The impairment of a significant portion of these assets would negatively affect our results of operations.

Our balance sheet includes goodwill and intangible assets that represent 77% of our total assets at December 31, 2013. These assets consist primarily of goodwill and identified intangible assets associated with our acquisitions. On at least an annual basis, we assess whether there have been impairments in the carrying value of goodwill and intangible assets. If the carrying value of the asset is determined to be impaired, then it is written down to fair value by a charge to operating earnings. An impairment of a significant portion of goodwill or intangible assets could have a material negative effect on our results of operations.

Increased leverage may harm our financial condition and results of operations.

As of December 31, 2013, we had approximately $3.8 billion of long-term debt, including current maturities. We and our subsidiaries may incur additional indebtedness in the future. Our current level of indebtedness and any future increase in our level of indebtedness could: decrease our ability to obtain additional financing for working capital, capital expenditures, general corporate or other purposes; limit our flexibility to make acquisitions; increase our cash requirements to support the payment of interest; limit our flexibility in planning for, or reacting to, changes in our business and our industry; and increase our vulnerability to adverse changes in general economic and industry conditions. Our ability to make payments of principal and interest on our indebtedness depends upon our future performance, which will be subject to general economic conditions and financial, business and other factors affecting our consolidated operations, many of which are beyond our control. In addition, if our outstanding senior notes are downgraded to below investment grade, we may incur additional interest expense. If we are unable to generate sufficient cash flow from operations in the future to service our debt and meet our other cash requirements, we may be required, among other things: to seek additional financing in the debt or equity markets; to refinance or restructure all or a portion of our indebtedness; or to reduce or delay planned capital or operating expenditures. Such measures might not be sufficient to enable us to service our debt and meet our other cash requirements. In addition, any such financing, refinancing or sale of assets might not be available at all or on economically favorable terms, particularly given current and anticipated economic and credit market conditions.

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Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

As of December 31, 2013, we operated data, development, item processing and support centers in 129 cities. We owned eight buildings, and the remaining 158 locations where we operated our businesses are subject to leases expiring in 2014 and beyond. In addition, we maintain our own national data communication network consisting of communications processors and leased lines. We believe our facilities and equipment are well maintained and are in good operating condition. We believe that the computer equipment that we own and our various facilities are adequate for our present and foreseeable business needs. We maintain our own, and contract with multiple service providers to provide, processing back-up in the event of a disaster. We also maintain copies of data and software used in our business in locations that are separate from our facilities.

Item 3. Legal Proceedings

In the normal course of business, we and our subsidiaries are named as defendants in lawsuits in which claims are asserted against us. In the opinion of management, the liabilities, if any, which may ultimately result from such lawsuits are not expected to have a material adverse effect on our consolidated financial statements.

Item 4. Mine Safety Disclosures

Not applicable.

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EXECUTIVE OFFICERS OF THE REGISTRANT

The names of our executive officers as of February 14, 2014, together with their ages, positions and business experience are described below:

Name	Age	Title
Jeffery W. Yabuki	53	President, Chief Executive Officer and Director
Mark A. Ernst	55	Executive Vice President and Chief Operating Officer
Rahul Gupta	54	Executive Vice President and Group President, Digital Payments
Thomas J. Hirsch	50	Executive Vice President, Chief Financial Officer, Treasurer and Assistant Secretary
Lynn S. McCreary	54	Executive Vice President, General Counsel and Secretary
Steven Tait	54	Executive Vice President and Group President, International
Byron C. Vielehr	50	Executive Vice President and Group President, Depository Institution Services

Mr. Yabuki has been a director and our President and Chief Executive Officer since 2005. Before joining Fiserv, Mr. Yabuki served as executive vice president and chief operating officer of H&R Block, Inc., a financial services firm, from 2002 to 2005. From 2001 to 2002, he served as executive vice president of H&R Block and from 1999 to 2001, he served as the president of H&R Block International. From 1987 to 1999, Mr. Yabuki held various executive positions with the American Express Company, a financial services firm, including president and chief executive officer of American Express Tax and Business Services, Inc.

Mr. Ernst has served as Executive Vice President and Chief Operating Officer since 2011. Prior to joining Fiserv, he served as deputy commissioner for operations support for the Internal Revenue Service from 2009 to 2010, where he was responsible for technology, operations, shared services, human resources and the chief financial officer. From 2008 to 2009, he was chief executive officer of Bellevue Capital LLC, a private investment firm; from 2001 to 2007, he served as chairman, president and chief executive officer of H&R Block, Inc., a financial services firm; and from 1998 to 2000, he served as its chief operating officer. His experience, which includes executive positions with the American Express Company, a financial services firm, spans more than 25 years in the financial services industry.

Mr. Gupta has served as Executive Vice President and Group President, Digital Payments since 2011. He joined Fiserv in 2006 as President of our Payments and Industry Products Group and, from 2009 to 2011, served as President of our Card Services business. Prior to joining Fiserv, Mr. Gupta served as president of U.S. operations at eFunds Corporation, a leading payments and risk management solutions provider, and held executive and senior management positions with i2 Technologies, Financial Settlement Matrix, Fidelity Investments and Price Waterhouse Consulting.

Mr. Hirsch has served as Executive Vice President, Chief Financial Officer, Treasurer and Assistant Secretary since 2006. Mr. Hirsch joined Fiserv in 1994 as a divisional assistant controller, became assistant corporate controller in 1996, corporate vice president in 1997, corporate controller in 1999 and senior vice president and controller in 2002. Prior to joining Fiserv, Mr. Hirsch was an audit manager with Deloitte & Touche LLP.

Ms. McCreary has served as Executive Vice President and General Counsel since July 2013 and Secretary since December 2013. Ms. McCreary joined Fiserv in 2010 as senior vice president and deputy general counsel. Prior to joining Fiserv, Ms. McCreary was an attorney with the law firm of Bryan Cave LLP from 1996 to 2010, including serving as managing partner of its San Francisco, California office from its opening in 2008 to 2010.

Mr. Tait has served as Executive Vice President and Group President, International since 2012. He joined Fiserv in 2009 as an Executive Vice President and served as Group President, Depository Institution Services from 2010 to 2011. Prior to joining Fiserv, Mr. Tait served as president of RSM McGladrey, a subsidiary of H&R Block Inc., from 2003 to 2009, and executive vice president, sales and client operations of Gartner, Inc. from 2001 to 2003.

Mr. Vielehr has served as Executive Vice President and Group President, Depository Institution Services since December 2013. Prior to joining Fiserv, Mr. Vielehr served in a succession of senior executive positions with The Dun & Bradstreet Corporation, a provider of commercial information and business insight solutions, from 2005 to 2013, most recently as president of international and global operations, and as president and chief operating officer of Northstar Systems International, Inc., a developer of wealth management software and now part of SEI, from 2004 to 2005.

PART II

Item 5. Market for Registrant s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

All share and per share amounts are presented on a split-adjusted basis to retroactively reflect the two-for-one stock split that was completed in the fourth quarter of 2013.

Market Price Information

Our common stock is traded on the NASDAQ Global Select Market under the symbol FISV. Set forth below is the high and low sales price of our common stock during the periods presented.

	2013		2012	
Quarter Ended	**High**	**Low**	**High**	**Low**
March 31	$ 43.96	$ 39.52	$ 35.00	$ 28.76
June 30	45.58	42.19	36.15	32.24
September 30	51.60	43.14	37.18	33.98
December 31	59.28	48.95	40.63	36.10

At December 31, 2013, our common stock was held by 2,263 shareholders of record and by a significantly greater number of shareholders who hold shares in nominee or street name accounts with brokers. The closing price of our common stock on February 14, 2014 was $56.12 per share. We have never paid dividends on our common stock, and we do not anticipate paying dividends in the foreseeable future. For additional information regarding our expected use of capital, refer to the discussion in this report under the heading Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources.

Issuer Purchases of Equity Securities

The table below sets forth information with respect to purchases made by or on behalf of us or any affiliated purchaser (as defined in Rule 10b-18(a)(3) under the Securities Exchange Act of 1934) of shares of our common stock during the three months ended December 31, 2013:

Period	**Total Number of Shares Purchased**	**Average Price Paid per Share**	**Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs [(1)]**	**Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs [(1)]**
October 1-31, 2013	777,000	$ 50.86	777,000	20,017,000
November 1-30, 2013	450,000	54.69	450,000	19,567,000
December 1-31, 2013	1,050,000	56.69	1,050,000	18,517,000
Total	2,277,000		2,277,000	

(1)

On each of February 22, 2012 and August 5, 2013, our board of directors authorized the purchase of up to 20.0 million shares of our common stock. These authorizations do not expire.

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Stock Performance Graph

The stock performance graph and related information presented below is not deemed to be soliciting material or to be filed with the Securities and Exchange Commission or subject to Regulation 14A or 14C under the Securities Exchange Act of 1934 or to the liabilities of Section 18 of the Securities Exchange Act of 1934 and will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent we specifically incorporate it by reference into such a filing.

The following graph compares the cumulative total shareholder return on our common stock for the five years ended December 31, 2013 with the S&P 500 Index, the NASDAQ Computer and Data Processing Services Index and the NASDAQ US Benchmark Financial Administration Index. The total return data for the NASDAQ Computer and Data Processing Services Index is no longer available through our historical data provider. Accordingly, we are using the NASDAQ US Benchmark Financial Administration Index instead of the NASDAQ Computer and Data Processing Services Index. We believe that the NASDAQ US Benchmark Financial Administration Index is an appropriate published industry index for comparison purposes because the index contains a number of our peers. The graph assumes that $100 was invested on December 31, 2008 in our common stock and each index and that all dividends were reinvested. No cash dividends have been declared on our common stock. The comparisons in the graph are required by the Securities and Exchange Commission and are not intended to forecast or be indicative of possible future performance of our common stock.

	December 31,					
	2008	**2009**	**2010**	**2011**	**2012**	**2013**
Fiserv, Inc.	$ 100	$ 133	$ 161	$ 162	$ 217	$ 325
S&P 500 Index	100	126	146	149	172	228
NASDAQ US Benchmark Financial Administration Index	100	132	143	156	184	285
NASDAQ Computer and Data Processing Services Index	100	162	189	184	210	296

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Item 6. Selected Financial Data

The following data, which has been affected by acquisitions and dispositions, should be read in conjunction with the consolidated financial statements and accompanying notes included elsewhere in this Annual Report on Form 10-K. All per share amounts are presented on a split-adjusted basis to retroactively reflect the two-for-one stock split that was completed in the fourth quarter of 2013.

(In millions, except per share data)	2013	2012	2011	2010	2009
Total revenue	$ 4,814	$ 4,436	$ 4,289	$ 4,088	$ 4,032
Income from continuing operations	$ 650	$ 592	$ 487	$ 502	$ 467
(Loss) income from discontinued operations	(2)	19	(15)	(6)	9
Net income	$ 648	$ 611	$ 472	$ 496	$ 476
Net income (loss) per share - basic:					
Continuing operations	$ 2.48	$ 2.18	$ 1.71	$ 1.67	$ 1.51
Discontinued operations	(0.01)	0.07	(0.05)	(0.02)	0.03
Total	$ 2.47	$ 2.25	$ 1.66	$ 1.65	$ 1.54
Net income (loss) per share - diluted:					
Continuing operations	$ 2.44	$ 2.15	$ 1.69	$ 1.65	$ 1.50
Discontinued operations	(0.01)	0.07	(0.05)	(0.02)	0.03
Total	$ 2.44	$ 2.22	$ 1.64	$ 1.63	$ 1.53
Total assets	$ 9,513	$ 8,497	$ 8,548	$ 8,281	$ 8,378
Long-term debt (including current maturities)	3,848	3,230	3,395	3,356	3,641
Shareholders equity	3,585	3,417	3,258	3,229	3,026

Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations

Management s discussion and analysis of financial condition and results of operations is provided as a supplement to our consolidated financial statements and accompanying notes to help provide an understanding of our financial condition, the changes in our financial condition and our results of operations. Our discussion is organized as follows:

Overview. This section contains background information on our company and the services and products that we provide, our enterprise priorities and the trends and business developments affecting our industry in order to provide context for management s discussion and analysis of our financial condition and results of operations.

Critical accounting policies and estimates. This section contains a discussion of the accounting policies that we believe are important to our financial condition and results of operations and that require judgment and estimates on the part of management in their application. In addition, all of our significant accounting policies, including critical accounting policies, are summarized in Note 1 to the accompanying consolidated financial statements.

Results of operations. This section contains an analysis of our results of operations presented in the accompanying consolidated statements of income by comparing the results for the year ended December 31, 2013 to the results for the year ended December 31, 2012 and by comparing the results for the year ended December 31, 2012 to the results for the year ended December 31, 2011.

Liquidity and capital resources. This section provides an analysis of our cash flows and a discussion of our outstanding debt and commitments at December 31, 2013.

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Overview

Company Background

We are a leading global provider of financial services technology. We provide account processing systems, electronic payments processing products and services, internet and mobile banking systems, and related services. We serve approximately 14,500 clients worldwide, including banks, thrifts, credit unions, investment management firms, leasing and finance companies, retailers, merchants and government agencies. The majority of our revenue is generated from recurring account- and transaction-based fees under contracts that generally have terms of three to five years. We also have had high contract renewal rates with our clients. The majority of the services we provide are necessary for our clients to operate their business and are, therefore, non-discretionary in nature.

Our operations are primarily in the United States and are comprised of the Payments and Industry Products (Payments) segment and the Financial Institution Services (Financial) segment. The Payments segment primarily provides electronic bill payment and presentment services, debit and other card-based payment products and services, internet and mobile banking software and services, and other electronic payments software and services, including account-to-account transfers and person-to-person payments. Our businesses in this segment also provide investment account processing services for separately managed accounts, card and print personalization services, and fraud and risk management products and services. The Financial segment provides banks, thrifts and credit unions with account processing services, item processing and source capture services, loan origination and servicing products, cash management and consulting services, and other products and services that support numerous types of financial transactions. The Corporate and Other segment primarily consists of unallocated corporate expenses, amortization of acquisition-related intangible assets, intercompany eliminations and other costs that are not considered when management evaluates segment performance.

On November 20, 2013, our Board of Directors declared a two-for-one stock split of our common stock and a proportionate increase in the number of our authorized shares of common stock. The additional shares were distributed on December 16, 2013 to shareholders of record at the close of business on December 2, 2013. Our common stock began trading at the split-adjusted price on December 17, 2013. All share and per share amounts are retroactively presented on a split-adjusted basis.

In the fourth quarter of 2013, StoneRiver Group, L.P., a joint venture in which we own a 49% interest and account for under the equity method, completed a partial divestiture of a subsidiary business, resulting in a gain. Our share of the gain on the transaction was $71 million, with related income tax expense of $17 million.

In the first quarter of 2013, we acquired Open Solutions Inc. (Open Solutions), a provider of account processing technology for financial institutions, for a cash purchase price of $55 million and the assumption of approximately $960 million of debt. With this acquisition, we added DNA, a real-time, open architecture account processing system, along with 3,300 existing Open Solutions clients. This acquisition advanced Fiserv s go-to-market strategies by adding a number of products and services and by expanding the number of account processing clients to which we can provide our broad array of add-on solutions.

In the third quarter of 2011, we acquired CashEdge Inc. (CashEdge), a leading provider of consumer and business payments solutions such as account-to-account transfer, account opening and funding, data aggregation, small business invoicing and payments, and person-to-person payments, for approximately $460 million, net of cash acquired. The acquisition of CashEdge has advanced our digital payments strategies. In the first quarter of 2011, we acquired Mobile Commerce Ltd. (M-Com), an international mobile banking and payments provider, and two other companies for an aggregate purchase price of approximately $50 million, net of cash acquired. M-Com has enhanced our mobile and payments capabilities, and the other acquired companies have added to or enhanced specific products or services that we already provide.

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Enterprise Priorities

We continue to implement a series of strategic initiatives to help accomplish our mission of providing integrated technology and services solutions that enable best-in-class results for our clients. These strategic initiatives include active portfolio management of our various businesses, enhancing the overall value of our existing client relationships, improving operational effectiveness, being disciplined in our allocation of capital, and differentiating our products and services through innovation. Our key enterprise priorities for 2014 are: (i) to continue to build high-quality revenue growth while meeting our earnings goals; (ii) to extend market momentum deeper into client relationships with a larger share of our strategic solutions; and (iii) to deliver innovation and integration which enhances results for our clients.

Industry Trends

Market and regulatory conditions have continued to create a difficult operating environment for financial institutions and other businesses in the United States and internationally. In particular, legislation such as the Dodd-Frank Wall Street Reform and Consumer Protection Act has generated, and will continue to generate, numerous new regulations that will impact the financial industry. Financial institutions have generally remained cautious in their information technology spending as a result. These conditions have, however, created interest in solutions that help financial institutions win and retain customers, generate incremental revenue and enhance operating efficiency. Examples of these solutions include our digital channels and electronic payments solutions, including mobile banking and person-to-person payments. Despite the difficult environment over the past several years, our revenue increased 9% to $4.8 billion in 2013 as compared to 2012, our net income per share from continuing operations increased to $2.44 in 2013 as compared to $2.15 in 2012 and net cash provided by operating activities from continuing operations was $1.0 billion in 2013 compared to $826 million in 2012. We believe these financial results demonstrate the resilience of our recurring, fee-based revenue model, the largely non-discretionary nature of our products and services, and mild improvement in the general condition of the financial industry. We anticipate that we will benefit over the long term from the trend of financial institutions moving from in-house technology solutions to outsourced solutions.

During the past 25 years, the number of financial institutions in the United States has declined at a relatively steady rate of approximately 3% per year, primarily as a result of voluntary mergers and acquisitions. An acquisition benefits us when a newly combined institution is processed on our system, or elects to move to one of our systems, and negatively impacts us when a competing system is selected. Financial institution acquisitions also impact our financial results due to early contract termination fees in our multi-year client contracts. Contract termination fees are primarily generated when an existing client with a multi-year contract is acquired by another financial institution. These fees can vary from period to period based on the number and size of clients that are acquired and how early in the contract term the contract is terminated.

Business Developments

We continue to invest in the development of new and strategic products in categories such as payments, including Popmoney for person-to-person payments; Mobiliti for mobile banking and payments services; and others that we believe will increase value to our clients and enhance the capabilities of our existing solutions. In January 2013, we acquired Open Solutions and its DNA account processing system. We believe our wide range of industry-leading solutions along with the investments we are making in new and differentiated products will favorably position us and our clients to capitalize on opportunities in the marketplace.

Critical Accounting Policies and Estimates

Our consolidated financial statements and accompanying notes have been prepared in accordance with accounting principles generally accepted in the United States, which require management to make estimates, judgments and assumptions that affect the reported amount of assets, liabilities, revenue and expenses. We continually evaluate the accounting policies and estimates that we use to prepare our consolidated financial statements and base our estimates on historical experience and assumptions that we believe are reasonable in light of current circumstances. Actual amounts and results could differ materially from these estimates.

Acquisitions

We allocate the purchase price of acquired businesses to the assets acquired and liabilities assumed in the transaction at their estimated fair values. The estimates used to determine the fair value of long-lived assets, such as intangible assets, can be complex and require significant judgments. We use information available to us to make fair value determinations and engage independent valuation specialists, when necessary, to assist in the fair value determination of significant acquired long-lived assets. While we use our best estimates and assumptions as a part of the purchase price allocation process, our estimates are inherently uncertain and subject to refinement. As a result, during the measurement period, which may be up to one year from the acquisition date, we record adjustments to the assets acquired and liabilities assumed, with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded to our consolidated statements of income. We are also required to estimate the useful lives of intangible assets to determine the amount of acquisition-related intangible asset amortization expense to record in future periods. We periodically review the estimated useful lives assigned to our intangible assets to determine whether such estimated useful lives continue to be appropriate.

Goodwill and Acquired Intangible Assets

We review the carrying value of goodwill for impairment annually, or more frequently if events or circumstances indicate the carrying value may not be recoverable. Goodwill is tested for impairment at a reporting unit level, determined to be at an operating segment level or one level below. When reviewing goodwill for impairment, we consider the amount of excess fair value over the carrying value of each reporting unit, the period of time since a reporting unit s last quantitative test, the extent a reorganization or disposition changes the composition of one or more of our reporting units, and other factors to determine whether or not to first perform a qualitative test. When performing a qualitative test, we assess numerous factors to determine whether it is more likely than not that the fair value of our reporting units are less than their respective carrying values. Examples of qualitative factors that we assess include our share price, our financial performance, market and competitive factors in our industry and other events specific to our reporting units. If we conclude that it is more likely than not that the fair value of a reporting unit is less than its carrying value, we perform a two-step quantitative impairment test.

The first step in the quantitative test is to compare the fair value of the reporting unit to its carrying value. We determine the fair value of a reporting unit based primarily on the present value of estimated future cash flows. If the fair value of the reporting unit exceeds the carrying value of the unit s net assets, goodwill of that reporting unit is not impaired and further testing is not required. If the carrying value of the reporting unit s net assets exceeds the fair value of the unit, then we perform the second step of the quantitative test to determine the implied fair value of the reporting unit s goodwill and any impairment charge. Determining the fair value of a reporting unit involves judgment and the use of significant estimates and assumptions, which include assumptions regarding the revenue growth rates and operating margins used to calculate estimated future cash flows, risk-adjusted discount rates and future economic and market conditions.

Our most recent impairment assessment in the fourth quarter of 2013 determined that our goodwill was not impaired as the estimated fair values of the respective reporting units substantially exceeded the carrying values.

We review acquired intangible assets for impairment whenever events or changes in circumstances indicate the carrying amount of the asset may not be recoverable. Recoverability is assessed by comparing the carrying amount of the asset to the undiscounted future cash flows expected to be generated by the asset. Measurement of any impairment loss is based on estimated fair value. Given the significance of our goodwill and intangible asset balances, an adverse change in fair value could result in an impairment charge, which could be material to our consolidated financial statements. Based on our impairment assessments in 2013, we determined that our acquired intangible assets were not impaired.

Revenue Recognition

The majority of our revenue is generated from monthly account- and transaction-based fees. Revenue is recognized as services are provided and is primarily recognized under service agreements that are long-term in nature, generally three to five years, and that do not require management to make significant judgments or assumptions. Additionally, given the nature of our business and the rules governing revenue recognition, our revenue recognition practices generally do not involve significant estimates that materially affect our results of operations. Additional information about our revenue recognition policies is included in Note 1 to the consolidated financial statements.

Results of Operations

Components of Revenue and Expenses

The following summary describes the components of revenue and expenses as presented in our consolidated statements of income.

Processing and Services

Processing and services revenue, which in 2013 represented 84% of our consolidated revenue, is primarily generated from account- and transaction-based fees under contracts that generally have terms of three to five years. Revenue is recognized when the related transactions are processed and services have been performed. Processing and services revenue is most reflective of our business performance because a significant amount of our total operating profit is generated by these services. Cost of processing and services includes costs directly associated with providing services to clients and includes the following: personnel; equipment and data communication; infrastructure costs, including costs to maintain software applications; client support; depreciation and amortization; and other operating expenses.

Product

Product revenue, which in 2013 represented 16% of our consolidated revenue, is derived from integrated print and card production (13%) and software licenses (3%). Cost of product includes costs directly associated with the products sold and includes the following: costs of materials and software development; personnel; infrastructure costs; depreciation and amortization; and other costs directly associated with product revenue.

Selling, General and Administrative Expenses

Selling, general and administrative expenses primarily consist of: salaries, wages and related expenses paid to sales personnel, administrative employees and management; advertising and promotional costs; depreciation and amortization; and other selling and administrative expenses.

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Financial Results

On March 14, 2013, the Company sold its club solutions business (Club Solutions). The results of operations and cash flows of Club Solutions, which were previously included within the Payments segment, have been reported as discontinued operations for all periods presented.

The following table presents certain amounts included in our consolidated statements of income, the relative percentage that those amounts represent to revenue and the change in those amounts from year to year. This information should be read together with the consolidated financial statements and accompanying notes.

(In millions)				Percentage of Revenue (1)			Increase (Decrease)			
Year ended December 31,	2013	2012	2011	2013	2012	2011	2013 vs. 2012		2012 vs. 2011	
Revenue:										
Processing and services	$ 4,035	$ 3,663	$ 3,495	83.8%	82.6%	81.5%	$ 372	10%	$ 168	5%
Product	779	773	794	16.2%	17.4%	18.5%	6	1%	(21)	(3%)
Total revenue	4,814	4,436	4,289	100.0%	100.0%	100.0%	378	9%	147	3%
Expenses:										
Cost of processing and services	2,081	1,936	1,903	51.6%	52.9%	54.4%	145	7%	33	2%
Cost of product	695	628	601	89.2%	81.2%	75.7%	67	11%	27	4%
Sub-total	2,776	2,564	2,504	57.7%	57.8%	58.4%	212	8%	60	2%
Selling, general and administrative	977	824	795	20.3%	18.6%	18.5%	153	19%	29	4%
Total expenses	3,753	3,388	3,299	78.0%	76.4%	76.9%	365	11%	89	3%
Operating income	1,061	1,048	990	22.0%	23.6%	23.1%	13	1%	58	6%
Interest expense	(164)	(174)	(188)	(3.4%)	(3.9%)	(4.4%)	(10)	(6%)	(14)	(7%)
Interest and investment income	1	7	6	0.0%	0.2%	0.1%	(6)	(86%)	1	17%
Loss on early debt extinguishment	-	-	(85)	-	-	(2.0%)	-	-	(85)	(100%)
Income from continuing operations before income taxes and income from investment in unconsolidated affiliate	$ 898	$ 881	$ 723	18.7%	19.9%	16.9%	$ 17	2%	$ 158	22%

(1) Percentage of revenue is calculated as the relevant revenue, expense, income or loss amount divided by total revenue, except for cost of processing and services and cost of product amounts which are divided by the related component of revenue.

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(In millions) Year ended December 31,	Payments	Financial	Corporate and Other	Total
Total revenue:				
2013	$ 2,552	$ 2,309	$ (47)	$ 4,814
2012	2,443	2,040	(47)	4,436
2011	2,333	2,004	(48)	4,289
Revenue growth:				
2013	$ 109	$ 269	$ -	$ 378
2013 percentage	4%	13%		9%
2012	$ 110	$ 36	$ 1	$ 147
2012 percentage	5%	2%		3%
Operating income:				
2013	$ 702	$ 745	$ (386)	$ 1,061
2012	657	652	(261)	1,048
2011	648	613	(271)	990
Operating income growth:				
2013	$ 45	$ 93	$ (125)	$ 13
2013 percentage	7%	14%		1%
2012	$ 9	$ 39	$ 10	$ 58
2012 percentage	1%	6%		6%
Operating margin:				
2013	27.5%	32.2%		22.0%
2012	26.9%	32.0%		23.6%
2011	27.8%	30.6%		23.1%
Operating margin growth: (1)				
2013	0.6%	0.2%		(1.6%)
2012	(0.9%)	1.4%		0.5%

(1) Represents the percentage point growth or decline in operating margin.

Total Revenue

Total revenue increased $378 million, or 9%, in 2013 and increased $147 million, or 3%, in 2012 compared to the prior years. The increase in total revenue during 2013 was attributable to 13% revenue growth in our Financial segment due primarily to the acquisition of Open Solutions and 4% revenue growth in our Payments segment, in each case, as compared to 2012. The increase in total revenue during 2012 was primarily due to 5% revenue growth in our Payments segment and 2% revenue growth in our Financial segment, in each case, as compared to 2011. Revenue from acquired companies contributed $270 million and $43 million to revenue in 2013 and 2012, respectively.

Revenue in our Payments segment increased $109 million, or 4%, in 2013 and increased $110 million, or 5%, in 2012 compared to the prior years. Payments segment revenue growth during 2013 and 2012 was primarily driven by our recurring revenue businesses as processing and services revenue increased $114 million and $100 million in 2013 and 2012, respectively, or 6% each year. The growth in both years was primarily due to new clients and increased transaction volumes from existing clients in our card services business and digital channels business, which includes our online and mobile banking solutions, as well as our biller solutions and bill payment businesses in 2013. In 2012, revenue from acquired companies totaling $40 million and higher postage pass-through revenue, which is included in both product revenue and cost of product in our output solutions business, positively impacted revenue growth by approximately three percentage points as compared to 2011. The positive

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revenue growth in both 2013 and 2012 was partially offset by lower software license revenue, along with a discount on the renewal of a bill payment contract in 2013 and the loss of a client that was acquired by another financial institution in 2012.

Revenue in our Financial segment increased $269 million, or 13%, in 2013 and increased $36 million, or 2%, in 2012 compared to the prior years. Financial segment revenue growth in 2013 was driven by the acquisition of Open Solutions, which contributed $270 million in revenue. Excluding the Open Solutions acquisition, revenue growth in 2013 was flat compared to the prior year, primarily due to the migration of an account processing client from our system to its parent company s account processing system. In 2012, revenue growth in our Financial segment was favorably impacted by an increase of $67 million, or 4%, in processing and services revenue primarily attributed to increased revenue in our account processing and lending businesses, partially offset by volume declines in our check processing business. In addition, Financial segment growth was negatively impacted by approximately two percentage points in 2012 primarily due to lower software license revenue as compared to 2011.

Total Expenses

Total expenses increased $365 million, or 11%, in 2013 compared to 2012 and increased $89 million, or 3%, in 2012 compared to 2011. Total expenses as a percentage of total revenue were 78.0%, 76.4% and 76.9% in 2013, 2012 and 2011, respectively. The increase in total expenses and as a percentage of total revenue in 2013 is due primarily to the acquisition of Open Solutions.

Cost of processing and services as a percentage of processing and services revenue decreased to 51.6% in 2013 compared to 52.9% in 2012 and 54.4% in 2011. Cost of processing and services as a percentage of processing and services revenue was favorably impacted in both 2013 and 2012 by increased operating leverage in our recurring revenue businesses and by operating efficiency initiatives across the company that lowered our cost structure.

Cost of product as a percentage of product revenue was 89.2% in 2013 compared to 81.2% in 2012 and 75.7% in 2011. The increase in cost of product as a percentage of product revenue in 2013 was primarily attributable to merger and integration costs resulting from the Open Solutions acquisition, including a $30 million non-cash impairment charge related to the replacement of our Acumen® account processing system with DNA, an Open Solutions account processing system. The increase in cost of product as a percentage of product revenue in 2012 was primarily due to a decrease in high-margin software license sales, as well as an increase in postage pass-through revenue and expenses in our output solutions business, as compared to 2011.

Selling, general and administrative expenses increased $153 million, or 19%, and $29 million, or 4%, in 2013 and 2012, respectively, compared to the prior years. Selling, general and administrative expense as a percentage of total revenue was 20.3%, 18.6% and 18.5% in 2013, 2012 and 2011, respectively. The increase in selling, general and administrative expenses as a percentage of total revenue in 2013 was primarily due to higher acquired intangible amortization and merger and integration costs of $53 million attributable to our acquisition of Open Solutions.

Operating Income and Operating Margin

Total operating income increased $13 million, or 1%, in 2013 and $58 million, or 6%, in 2012 compared to the prior years. Operating margin decreased to 22.0% in 2013 from 23.6% in 2012 and increased in 2012 from 23.1% in 2011. The operating margin decline of 160 basis points in 2013 was due to increased operating losses of $125 million in our Corporate and Other segment, which negatively impacted our operating margin by 260 basis points due primarily to acquired intangible amortization and merger and integration costs of $115 million associated with the acquisition of Open Solutions. This negative impact was partially offset by positive margin increases in our Payments and Financial segments in 2013. The operating margin improvement of 50 basis points in 2012 was due in part to increased operating leverage in our recurring revenue businesses and operational effectiveness activities that lowered our cost structure.

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Operating income in our Payments segment increased $45 million, or 7%, and $9 million, or 1%, in 2013 and 2012, respectively, compared to the prior years. Operating margins were 27.5%, 26.9% and 27.8% in 2013, 2012 and 2011, respectively, and increased 60 basis points in 2013 and decreased 90 basis points in 2012. The increases in operating income were primarily due to revenue growth and scale efficiencies in our card services business in 2013 and 2012, as well as our digital channels business in 2013. Payments segment operating margins were negatively impacted by a decrease in higher-margin software license revenue in both years, along with a discount on the renewal of a bill payment contract in 2013 and the loss of a client that was acquired by another financial institution in 2012. Operating margin in 2012 was also negatively impacted by increased expenses associated with the development, support and integration of new products and services, including Popmoney for person-to-person payments and Mobiliti for mobile banking and payment services.

Operating income in our Financial segment increased $93 million, or 14%, and $39 million, or 6%, in 2013 and 2012, respectively, compared to the prior years. Operating margin in 2013 improved slightly to 32.2% as compared to 2012, which improved to 32.0% from 30.6% in 2011. These improvements in operating income and margin in 2013 and 2012 were primarily due to scale efficiencies and operational effectiveness benefits, partially offset by the migration of an account processing client to its parent company s account processing system in 2013 and a decrease in higher-margin software license revenue in 2012 as compared to 2011.

The operating loss in the Corporate and Other segment increased $125 million in 2013 and decreased $10 million in 2012 compared to the prior years. The increase in operating loss in 2013 was primarily attributable to merger and integration costs of $65 million resulting from the Open Solutions acquisition, including a $30 million non-cash impairment charge related to the replacement of our Acumen account processing system with DNA, an Open Solutions account processing system. In addition, amortization expenses increased by $50 million in 2013, primarily related to Open Solutions acquired intangible assets. The decrease in operating loss in 2012 was primarily due to reduced employee severance and merger and integration costs as compared to 2011.

Interest Expense

Interest expense decreased $10 million, or 6%, and $14 million, or 7%, in 2013 and 2012, respectively, compared to the prior years. These decreases were primarily due to lower average interest rates in 2013 and 2012 as compared to the prior years as a result of our debt refinancing activities. The interest expense decrease in 2013 was partially offset by additional debt assumed in connection with the acquisition of Open Solutions. In 2012, interest expense was negatively impacted by $4 million of expense associated with hedge ineffectiveness recognized upon the settlement of our forward-starting interest rate swap agreements (Forward-Starting Swaps) in September of 2012.

Interest and Investment Income

Interest and investment income decreased $6 million in 2013 as compared to 2012 due to a gain recognized on a sale of an investment in the prior year period.

Loss on Early Debt Extinguishment

In 2011, we issued $1.0 billion principal amount of senior notes in a public debt offering and used the proceeds to repay our senior notes which matured in November 2012. The premium paid on the early retirement of debt and other costs associated with the transaction resulted in pre-tax charges of $85 million in 2011.

Income Tax Provision

Our effective income tax rate for continuing operations was 36.5% in 2013, 34.0% in 2012 and 35.1% in 2011. The increase in the effective tax rate from 2012 to 2013 was primarily due to the income tax expense associated with our share of a gain on a partial divestiture of a subsidiary business by our unconsolidated affiliate, StoneRiver Group, L.P. (StoneRiver). The lower effective tax rate in 2012 compared to 2011 was primarily due to increased deductions resulting from federal tax planning initiatives, including the associated discrete tax benefits.

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Income from Investment in Unconsolidated Affiliate

Our share of the income of StoneRiver, a joint venture in which we own a 49% interest, was $80 million, $11 million and $18 million in 2013, 2012 and 2011, respectively. The 2013 increase in income was due to our $71 million share of a gain on a partial divestiture of a subsidiary business by StoneRiver.

(Loss) Income from Discontinued Operations

(Loss) income from discontinued operations related to Club Solutions and prior dispositions totaled $(2) million, $19 million and $(15) million in 2013, 2012 and 2011, respectively, and included income tax (expense) benefits of $(4) million, $(13) million and $11 million, respectively.

Net Income Per Share - Diluted from Continuing Operations

Net income per share-diluted from continuing operations was $2.44 in 2013 compared to $2.15 in 2012 and $1.69 in 2011. Net income per share-diluted from continuing operations in 2013 was favorably impacted by $0.20 per share from our share of a gain on a partial divestiture of a subsidiary business by StoneRiver, offset by merger and integration costs of $0.20 per share incurred due to the acquisition of Open Solutions. Net income per share-diluted from continuing operations was negatively impacted by a loss on early debt extinguishment of $0.18 per share in 2011. The amortization of acquisition-related intangible assets also reduced net income per share-diluted from continuing operations by $0.51, $0.37 and $0.34 in 2013, 2012 and 2011, respectively.

Liquidity and Capital Resources

Our primary liquidity needs are: (i) to fund normal operating expenses; (ii) to meet the interest and principal requirements of our outstanding indebtedness; and (iii) to fund capital expenditures and operating lease payments. We believe these needs will be satisfied using cash flow generated by our operations, our cash and cash equivalents of $400 million at December 31, 2013 and available borrowings under our revolving credit facility. The following table presents our operating cash flow and capital expenditure amounts for the years ended December 31, 2013 and 2012, respectively.

	Year Ended December 31,		Increase (Decrease)	
(In millions)	**2013**	**2012**	**$**	**%**
Income from continuing operations	$ 650	$ 592	$ 58	
Depreciation and amortization	403	350	53	
Share-based compensation	46	44	2	
Deferred income taxes	(9)	5	(14)	
Income from investment in unconsolidated affiliate	(80)	(11)	(69)	
Non-cash impairment charge	30	-	30	
Dividends from unconsolidated affiliate	6	23	(17)	
Settlement of interest rate hedge contracts	-	(88)	88	
Net changes in working capital and other	(7)	(89)	82	
Operating cash flow	$ 1,039	$ 826	$ 213	26%
Capital expenditures	$ 236	$ 193	$ 43	22%

Our net cash provided by operating activities, or operating cash flow, was $1,039 million in 2013, an increase of 26% compared with $826 million in 2012. This increase was primarily due to increased earnings, favorable working capital changes and a payment of $88 million for the settlement of Forward-Starting Swaps in 2012. In 2013, our working capital was positively impacted by timing of various cash payments and receipts and overall

lower income tax payments compared to 2012. In addition, working capital was negatively impacted in 2012 by an increase in payments for discretionary and incentive-based employee compensation, including company 401(k) profit sharing contributions. Our current policy is to use our operating cash flow primarily to repay debt and to fund capital expenditures, acquisitions and share repurchases, rather than to pay dividends. Our capital expenditures in 2013 increased by $43 million compared to 2012 and were less than 5% of our total revenue in each year.

In the first quarter of 2013, we acquired Open Solutions for a cash purchase price of $16 million, net of cash acquired, and sold Club Solutions for $35 million in cash. In 2013 and 2012, we received cash dividends of $122 million and $55 million, respectively, from StoneRiver. The portions of these dividends that represented returns on our investment, $6 million in 2013 and $23 million in 2012, are reported in cash flows from operating activities.

Share Repurchases

We purchased $578 million and $634 million of our common stock in 2013 and 2012, respectively. On each of February 22, 2012 and August 5, 2013, our board of directors authorized the purchase of up to 20.0 million shares of our common stock. As of December 31, 2013, we had approximately 18.5 million shares remaining under this authorization. Shares repurchased are generally held for issuance in connection with our equity plans.

Indebtedness

	December 31,	
(In millions)	**2013**	**2012**
Term loan	$ 900	$ -
3.125% senior notes due 2015	300	300
3.125% senior notes due 2016	600	600
6.8% senior notes due 2017	500	500
4.625% senior notes due 2020	449	449
4.75% senior notes due 2021	399	399
3.5% senior notes due 2022	697	697
Revolving credit facility	-	