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## **Classification with Python**

In this notebook we try to practice all the classification algorithms that we learned in this course.

We load a dataset using Pandas library, and apply the following algorithms, and find the best one for this specific dataset by accuracy evaluation methods.

Lets first load required libraries:

In [178]:

import itertools
import numpy as np
import matplotlib.pyplot as plt
from matplotlib.ticker import NullFormatter
import pandas as pd
import numpy as np
import matplotlib.ticker as ticker
from sklearn import preprocessing
%matplotlib inline

#### **About dataset**

This dataset is about past loans. The **Loan\_train.csv** data set includes details of 346 customers whose loan are already paid off or defaulted. It includes following fields:

Field	Description
Loan_status	Whether a loan is paid off on in collection
Principal	Basic principal loan amount at the
Terms	Origination terms which can be weekly (7 days), biweekly, and monthly payoff schedule
Effective_date	When the loan got originated and took effects
Due_date	Since it's one-time payoff schedule, each loan has one single due date
Age	Age of applicant
Education	Education of applicant
Gender	The gender of applicant

#### Lets download the dataset

```
In [179]: | !wget -0 loan_train.csv https://s3-api.us-geo.objectstorage.softlay
          er.net/cf-courses-data/CognitiveClass/ML0101ENv3/labs/loan train.cs
          --2019-08-19 23:06:25-- https://s3-api.us-geo.objectstorage.softl
          ayer.net/cf-courses-data/CognitiveClass/ML0101ENv3/labs/loan train
         Resolving s3-api.us-geo.objectstorage.softlayer.net (s3-api.us-geo
          .objectstorage.softlayer.net)... 67.228.254.193
         Connecting to s3-api.us-geo.objectstorage.softlayer.net (s3-api.us
          -geo.objectstorage.softlayer.net) | 67.228.254.193 | :443... connected
         HTTP request sent, awaiting response... 200 OK
         Length: 23101 (23K) [text/csv]
         Saving to: 'loan train.csv'
                                                                 --.-K/s
          100%[========] 23,101
          in 0.07s
          2019-08-19 23:06:25 (303 KB/s) - 'loan train.csv' saved [23101/231
          011
```

#### **Load Data From CSV File**

```
In [180]: train_df = pd.read_csv('loan_train.csv')
    train_df.head()
```

Out[180]:

	Unnamed: 0	Unnamed: 0.1	loan_status	Principal	terms	effective_date	due_date	aį
0	0	0	PAIDOFF	1000	30	9/8/2016	10/7/2016	4!
1	2	2	PAIDOFF	1000	30	9/8/2016	10/7/2016	33
2	3	3	PAIDOFF	1000	15	9/8/2016	9/22/2016	27
3	4	4	PAIDOFF	1000	30	9/9/2016	10/8/2016	28
4	6	6	PAIDOFF	1000	30	9/9/2016	10/8/2016	29

```
In [181]: train_df.shape
Out[181]: (346, 10)
```

### Convert to date time object

```
In [182]: train_df['due_date'] = pd.to_datetime(train_df['due_date'])
    train_df['effective_date'] = pd.to_datetime(train_df['effective_date'])
    train_df.head()
```

Out[182]:

	Unnamed: 0	Unnamed: 0.1	loan_status	Principal	terms	effective_date	due_date	аç
0	0	0	PAIDOFF	1000	30	2016-09-08	2016-10- 07	45
1	2	2	PAIDOFF	1000	30	2016-09-08	2016-10- 07	33
2	3	3	PAIDOFF	1000	15	2016-09-08	2016-09- 22	27
3	4	4	PAIDOFF	1000	30	2016-09-09	2016-10- 08	28
4	6	6	PAIDOFF	1000	30	2016-09-09	2016-10- 08	29

## Data visualization and pre-processing

Let's see how many of each class is in our data set

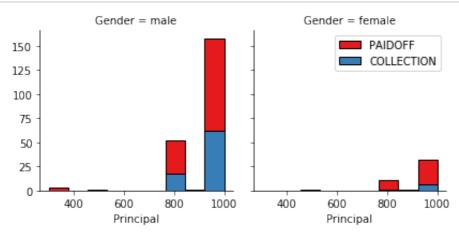
260 people have paid off the loan on time while 86 have gone into collection

Lets plot some columns to underestand data better:

```
In [184]: # notice: installing seaborn might takes a few minutes !conda install -c anaconda seaborn -y
```

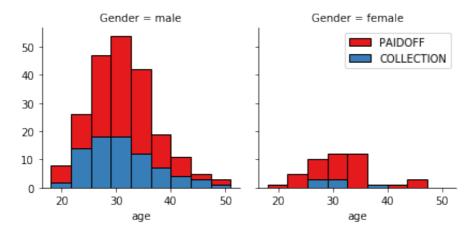
Solving environment: done

# All requested packages already installed.



```
In [186]: bins = np.linspace(train_df.age.min(), train_df.age.max(), 10)
    g = sns.FacetGrid(train_df, col="Gender", hue="loan_status", palett
    e="Set1", col_wrap=2)
    g.map(plt.hist, 'age', bins=bins, ec="k")

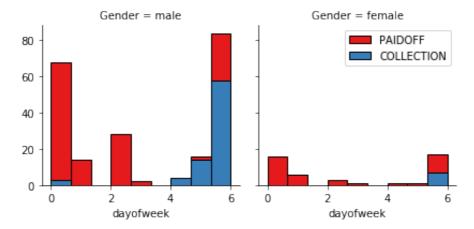
g.axes[-1].legend()
    plt.show()
```



# Pre-processing: Feature selection/extraction

### Lets look at the day of the week people get the loan

```
In [187]: train_df['dayofweek'] = train_df['effective_date'].dt.dayofweek
bins = np.linspace(train_df.dayofweek.min(), train_df.dayofweek.max
(), 10)
g = sns.FacetGrid(train_df, col="Gender", hue="loan_status", palett
e="Set1", col_wrap=2)
g.map(plt.hist, 'dayofweek', bins=bins, ec="k")
g.axes[-1].legend()
plt.show()
```



We see that people who get the loan at the end of the week dont pay it off, so lets use Feature binarization to set a threshold values less then day 4

```
In [188]: train_df['weekend'] = train_df['dayofweek'].apply(lambda x: 1 if (x
>3) else 0)
train_df.head()
```

Out[188]:

	Unnamed: 0	Unnamed: 0.1	loan_status	Principal	terms	effective_date	due_date	аç
0	0	0	PAIDOFF	1000	30	2016-09-08	2016-10- 07	45
1	2	2	PAIDOFF	1000	30	2016-09-08	2016-10- 07	33
2	3	3	PAIDOFF	1000	15	2016-09-08	2016-09- 22	27
3	4	4	PAIDOFF	1000	30	2016-09-09	2016-10- 08	28
4	6	6	PAIDOFF	1000	30	2016-09-09	2016-10- 08	29

## **Convert Categorical features to numerical values**

Lets look at gender:

86 % of female pay there loans while only 73 % of males pay there loan

Lets convert male to 0 and female to 1:

Out[190]:

	Unnamed: 0	Unnamed: 0.1	loan_status	Principal	terms	effective_date	due_date	аç
0	0	0	PAIDOFF	1000	30	2016-09-08	2016-10- 07	45
1	2	2	PAIDOFF	1000	30	2016-09-08	2016-10- 07	33
2	3	3	PAIDOFF	1000	15	2016-09-08	2016-09- 22	27
3	4	4	PAIDOFF	1000	30	2016-09-09	2016-10- 08	28
4	6	6	PAIDOFF	1000	30	2016-09-09	2016-10- 08	29

## **One Hot Encoding**

#### How about education?

```
In [191]: train df.groupby(['education'])['loan status'].value counts(normali
          ze=True)
Out[191]: education
                                 loan status
          Bechalor
                                 PAIDOFF
                                                 0.750000
                                 COLLECTION
                                                 0.250000
          High School or Below
                                                 0.741722
                                 PAIDOFF
                                 COLLECTION
                                                 0.258278
          Master or Above
                                 COLLECTION
                                                 0.500000
                                                 0.500000
                                 PAIDOFF
          college
                                 PAIDOFF
                                                 0.765101
                                 COLLECTION
                                                 0.234899
          Name: loan status, dtype: float64
```

#### **Feature befor One Hot Encoding**

In [192]: train\_df[['Principal','terms','age','Gender','education']].head()

Out[192]:

	Principal	terms	age	Gender	education
0	1000	30	45	0	High School or Below
1	1000	30	33	1	Bechalor
2	1000	15	27	0	college
3	1000	30	28	1	college
4	1000	30	29	0	college

# Use one hot encoding technique to conver categorical variables to binary variables and append them to the feature Data Frame

```
In [193]: Feature_train = train_df[['Principal','terms','age','Gender','weeke
    nd']]
    Feature_train = pd.concat([Feature_train,pd.get_dummies(train_df['e
          ducation'])], axis=1)
    Feature_train.drop(['Master or Above'], axis = 1,inplace=True)
    Feature_train.head()
```

Out[193]:

	Principal	terms	age	Gender	weekend	Bechalor	High School or Below	college
0	1000	30	45	0	0	0	1	0
1	1000	30	33	1	0	1	0	0
2	1000	15	27	0	0	0	0	1
3	1000	30	28	1	1	0	0	1
4	1000	30	29	0	1	0	0	1

### **Feature selection**

Lets defind feature sets, X:

```
In [194]: X_train = Feature_train
X_train[0:5]
```

Out[194]:

	Principal	terms	age	Gender	weekend	Bechalor	High School or Below	college
0	1000	30	45	0	0	0	1	0
1	1000	30	33	1	0	1	0	0
2	1000	15	27	0	0	0	0	1
3	1000	30	28	1	1	0	0	1
4	1000	30	29	0	1	0	0	1

What are our lables?

### **Normalize Data**

Data Standardization give data zero mean and unit variance (technically should be done after train test split)

```
In [196]: X train = preprocessing.StandardScaler().fit(X train).transform(X t
          rain)
          X train[0:5]
          /opt/conda/envs/Python36/lib/python3.6/site-packages/sklearn/prepr
          ocessing/data.py:645: DataConversionWarning: Data with input dtype
          uint8, int64 were all converted to float64 by StandardScaler.
            return self.partial_fit(X, y)
          /opt/conda/envs/Python36/lib/python3.6/site-packages/ipykernel/ m
          ain__.py:1: DataConversionWarning: Data with input dtype uint8, in
          t64 were all converted to float64 by StandardScaler.
            if name == ' main ':
Out[196]: array([[ 0.51578458, 0.92071769, 2.33152555, -0.42056004, -1.205
          77805,
                  -0.38170062, 1.13639374, -0.86968108],
                 [0.51578458, 0.92071769, 0.34170148, 2.37778177, -1.205]
          77805,
                   2.61985426, -0.87997669, -0.86968108],
                 [0.51578458, -0.95911111, -0.65321055, -0.42056004, -1.205]
          77805,
                  -0.38170062, -0.87997669, 1.14984679],
                 [0.51578458, 0.92071769, -0.48739188, 2.37778177,
                                                                      0.829
          34003,
                  -0.38170062, -0.87997669, 1.14984679],
                 [0.51578458, 0.92071769, -0.3215732, -0.42056004,
                                                                      0.829
          34003,
                  -0.38170062, -0.87997669, 1.14984679]])
```

## Classification

Now, it is your turn, use the training set to build an accurate model. Then use the test set to report the accuracy of the model You should use the following algorithm:

- K Nearest Neighbor(KNN)
- Decision Tree
- Support Vector Machine
- Logistic Regression

#### **Notice:**

- You can go above and change the pre-processing, feature selection, feature-extraction, and so on, to make a better model.
- You should use either scikit-learn, Scipy or Numpy libraries for developing the classification algorithms.
- You should include the code of the algorithm in the following cells.

# K Nearest Neighbor(KNN)

Notice: You should find the best k to build the model with the best accuracy. **warning:** You should not use the **loan\_test.csv** for finding the best k, however, you can split your train\_loan.csv into train and test to find the best k.

### when k = 7, the model has the best accuracy (0.78571429)

### **Decision Tree**

# **Support Vector Machine**

## **Logistic Regression**

# **Model Evaluation using Test set**

```
In [205]: from sklearn.metrics import jaccard_similarity_score
    from sklearn.metrics import fl_score
    from sklearn.metrics import log_loss
```

First, download and load the test set:

```
In [206]:
         !wget -0 loan test.csv https://s3-api.us-geo.objectstorage.softlaye
          r.net/cf-courses-data/CognitiveClass/ML0101ENv3/labs/loan test.csv
          --2019-08-19 23:11:22-- https://s3-api.us-geo.objectstorage.softl
          ayer.net/cf-courses-data/CognitiveClass/ML0101ENv3/labs/loan test.
          csv
         Resolving s3-api.us-geo.objectstorage.softlayer.net (s3-api.us-geo
          .objectstorage.softlayer.net)... 67.228.254.193
          Connecting to s3-api.us-geo.objectstorage.softlayer.net (s3-api.us
          -geo.objectstorage.softlayer.net) | 67.228.254.193 | :443... connected
          HTTP request sent, awaiting response... 200 OK
         Length: 3642 (3.6K) [text/csv]
          Saving to: 'loan_test.csv'
                                                                  --.-K/s
          100%[========] 3,642
          in 0s
          2019-08-19 23:11:22 (682 MB/s) - 'loan test.csv' saved [3642/3642]
```

#### **Load Test set for evaluation**

```
In [207]: test_df = pd.read_csv('loan_test.csv')
  test_df.head()
```

Out[207]:

	Unnamed: 0	Unnamed: 0.1	loan_status	Principal	terms	effective_date	due_date	aį
0	1	1	PAIDOFF	1000	30	9/8/2016	10/7/2016	5(
1	5	5	PAIDOFF	300	7	9/9/2016	9/15/2016	3ŧ
2	21	21	PAIDOFF	1000	30	9/10/2016	10/9/2016	40
3	24	24	PAIDOFF	1000	30	9/10/2016	10/9/2016	26
4	35	35	PAIDOFF	800	15	9/11/2016	9/25/2016	29

In [208]: test\_df['due\_date'] = pd.to\_datetime(test\_df['due\_date'])
 test\_df['effective\_date'] = pd.to\_datetime(test\_df['effective\_date'
 ])
 test\_df.head()

Out[208]:

	Unnamed:	Unnamed: 0.1	loan_status	Principal	terms	effective_date	due_date	аç
0	1	1	PAIDOFF	1000	30	2016-09-08	2016-10- 07	5C
1	5	5	PAIDOFF	300	7	2016-09-09	2016-09- 15	35
2	21	21	PAIDOFF	1000	30	2016-09-10	2016-10- 09	43
3	24	24	PAIDOFF	1000	30	2016-09-10	2016-10- 09	26
4	35	35	PAIDOFF	800	15	2016-09-11	2016-09- 25	29

```
In [209]: test_df['dayofweek'] = test_df['effective_date'].dt.dayofweek
```

```
In [210]: test_df['weekend'] = test_df['dayofweek'].apply(lambda x: 1 if (x>3
) else 0)
test_df.head()
```

Out[210]:

	Unnamed: 0	Unnamed: 0.1	loan_status	Principal	terms	effective_date	due_date	аç
0	1	1	PAIDOFF	1000	30	2016-09-08	2016-10- 07	5C
1	5	5	PAIDOFF	300	7	2016-09-09	2016-09- 15	35
2	21	21	PAIDOFF	1000	30	2016-09-10	2016-10- 09	43
3	24	24	PAIDOFF	1000	30	2016-09-10	2016-10- 09	26
4	35	35	PAIDOFF	800	15	2016-09-11	2016-09- 25	29

In [211]: test\_df.groupby(['Gender'])['loan\_status'].value\_counts(normalize=T
rue)

Out[211]: Gender loan status

 female
 PAIDOFF
 0.727273

 COLLECTION
 0.272727

 male
 PAIDOFF
 0.744186

 COLLECTION
 0.255814

Name: loan\_status, dtype: float64

Out[212]:

	Unnamed: 0	Unnamed: 0.1	loan_status	Principal	terms	effective_date	due_date	аç
0	1	1	PAIDOFF	1000	30	2016-09-08	2016-10- 07	5C
1	5	5	PAIDOFF	300	7	2016-09-09	2016-09- 15	35
2	21	21	PAIDOFF	1000	30	2016-09-10	2016-10- 09	43
3	24	24	PAIDOFF	1000	30	2016-09-10	2016-10- 09	26
4	35	35	PAIDOFF	800	15	2016-09-11	2016-09- 25	29

Out[213]: education loan status

Bechalor 1.000000 PAIDOFF High School or Below PAIDOFF 0.523810 COLLECTION 0.476190 Master or Above PAIDOFF 1.000000 college PAIDOFF 0.826087 0.173913 COLLECTION

Name: loan\_status, dtype: float64

In [214]: test\_df[['Principal','terms','age','Gender','education']].head()

Out[214]:

	Principal	terms	age	Gender	education
0	1000	30	50	1	Bechalor
1	300	7	35	0	Master or Above
2	1000	30	43	1	High School or Below
3	1000	30	26	0	college
4	800	15	29	0	Bechalor

In [215]: Feature\_test = test\_df[['Principal','terms','age','Gender','weekend
']]

Feature\_test = pd.concat([Feature\_test,pd.get\_dummies(test\_df['educ ation'])], axis=1)

Feature\_test.drop(['Master or Above'], axis = 1,inplace=True)

Feature\_test.head()

Out[215]:

	Principal	terms	age	Gender	weekend	Bechalor	High School or Below	college
0	1000	30	50	1	0	1	0	0
1	300	7	35	0	1	0	0	0
2	1000	30	43	1	1	0	1	0
3	1000	30	26	0	1	0	0	1
4	800	15	29	0	1	1	0	0

In [216]: X\_test = Feature\_test
 X\_test[0:5]

Out[216]:

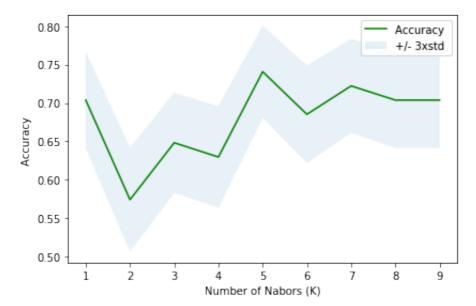
	Principal	terms	age	Gender	weekend	Bechalor	High School or Below	college
0	1000	30	50	1	0	1	0	0
1	300	7	35	0	1	0	0	0
2	1000	30	43	1	1	0	1	0
3	1000	30	26	0	1	0	0	1
4	800	15	29	0	1	1	0	0

```
In [217]: y test = test df['loan status'].values
          y test[0:5]
Out[217]: array(['PAIDOFF', 'PAIDOFF', 'PAIDOFF', 'PAIDOFF', 'PAIDOFF'],
                dtype=object)
In [218]: X_test= preprocessing.StandardScaler().fit(X_test).transform(X_test
          X test[0:5]
          /opt/conda/envs/Python36/lib/python3.6/site-packages/sklearn/prepr
          ocessing/data.py:645: DataConversionWarning: Data with input dtype
          uint8, int64 were all converted to float64 by StandardScaler.
            return self.partial fit(X, y)
          /opt/conda/envs/Python36/lib/python3.6/site-packages/ipykernel/ m
          ain .py:1: DataConversionWarning: Data with input dtype uint8, in
          t64 were all converted to float64 by StandardScaler.
            if name == ' main ':
Out[218]: array([[ 0.49362588,  0.92844966,  3.05981865,  1.97714211, -1.303
          84048.
                   2.39791576, -0.79772404, -0.86135677],
                 [-3.56269116, -1.70427745, 0.53336288, -0.50578054,
          96499,
                  -0.41702883, -0.79772404, -0.86135677],
                 [ 0.49362588, 0.92844966, 1.88080596, 1.97714211,
                                                                       0.766
          96499.
                  -0.41702883, 1.25356634, -0.86135677],
                 [0.49362588, 0.92844966, -0.98251057, -0.50578054,
                                                                       0.766
          96499,
                  -0.41702883, -0.79772404, 1.16095912],
                 [-0.66532184, -0.78854628, -0.47721942, -0.50578054, 0.766]
          96499.
                   2.39791576, -0.79772404, -0.86135677])
```

# K Nearest Neighbor(KNN)

```
Out[219]: array([0.7037037 , 0.57407407, 0.64814815, 0.62962963, 0.74074074, 0.68518519, 0.72222222, 0.7037037 , 0.7037037 ])
```

```
In [220]: plt.plot(range(1,Ks),mean_acc,'g')
    plt.fill_between(range(1,Ks),mean_acc - 1 * std_acc,mean_acc + 1 *
        std_acc, alpha=0.10)
    plt.legend(('Accuracy ', '+/- 3xstd'))
    plt.ylabel('Accuracy ')
    plt.xlabel('Number of Nabors (K)')
    plt.tight_layout()
    plt.show()
```



### when k = 7, the model has the best accuracy (0.78571429)

### **Decision Tree**

```
In [228]: jaccard_similarity_score(y_test, predTree)
Out[228]: 0.7777777777778

In [229]: f1_score(y_test, predTree, average='weighted')
Out[229]: 0.7283950617283951
```

# **Support Vector Machine**

## **Logistic regression**

```
In [235]: yhat logistic = LR.predict(X test)
In [236]: jaccard similarity score(y test, yhat logistic)
Out[236]: 0.7407407407407407
In [237]: f1_score(y_test, yhat_logistic, average='weighted')
          /opt/conda/envs/Python36/lib/python3.6/site-packages/sklearn/metri
          cs/classification.py:1143: UndefinedMetricWarning: F-score is ill-
          defined and being set to 0.0 in labels with no predicted samples.
            'precision', 'predicted', average, warn for)
Out[237]: 0.6304176516942475
In [238]: yhat prob = LR.predict proba(X test)
          from sklearn.metrics import log loss
          log_loss(y_test, yhat_prob)
Out[238]: 0.5566084946309207
  In [ ]:
  In [ ]:
  In [ ]:
```

# Report

You should be able to report the accuracy of the built model using different evaluation metrics:

Algorithm	Jaccard	F1-score	LogLoss
KNN	0.7407	0.7253	NA
Decision Tree	0.7778	0.7284	NA
SVM	0.7222	0.6213	NA
LogisticRegression	0.7407	0.6304	0.5566

### Want to learn more?

IBM SPSS Modeler is a comprehensive analytics platform that has many machine learning algorithms. It has been designed to bring predictive intelligence to decisions made by individuals, by groups, by systems – by your enterprise as a whole. A free trial is available through this course, available here: <u>SPSS</u> Modeler (http://cocl.us/ML0101EN-SPSSModeler)

Also, you can use Watson Studio to run these notebooks faster with bigger datasets. Watson Studio is IBM's leading cloud solution for data scientists, built by data scientists. With Jupyter notebooks, RStudio, Apache Spark and popular libraries pre-packaged in the cloud, Watson Studio enables data scientists to collaborate on their projects without having to install anything. Join the fast-growing community of Watson Studio users today with a free account at <a href="Watson Studio">Watson Studio</a> (<a href="https://cocl.us/ML0101EN\_DSX)</a>

### Thanks for completing this lesson!

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<u>Saeed Aghabozorgi (https://ca.linkedin.com/in/saeedaghabozorgi)</u>, PhD is a Data Scientist in IBM with a track record of developing enterprise level applications that substantially increases clients' ability to turn data into actionable knowledge. He is a researcher in data mining field and expert in developing advanced analytic methods like machine learning and statistical modelling on large datasets.

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