In [37]: ▶ #Basic libraries

import pandas as pd import numpy as np

import matplotlib.pyplot as plt

import seaborn as sns

import math

#Sampling methods

from sklearn.model selection import train test split from imblearn.under_sampling import RandomUnderSampler

#feature engineering

import datetime as dt import category_encoders as ce from sklearn.preprocessing import MinMaxScaler

#Models

from sklearn.ensemble import RandomForestClassifier from sklearn.neighbors import KNeighborsClassifier

#Model evaluation

from sklearn.metrics import f1 score from sklearn.metrics import roc_curve from sklearn.metrics import auc from sklearn.metrics import classification_report from sklearn import metrics import scipy.stats as stats from scipy.stats import skew

Out[38]:

	Unnamed: 0	trans_date_trans_time	cc_num	merchant	category	amt	first	last	gender	street
0	0	2020-06-21 12:14:25	2291163933867244	fraud_Kirlin and Sons	personal_care	2.86	Jeff	Elliott	М	351 Darlene Green
1	1	2020-06-21 12:14:33	3573030041201292	fraud_Sporer- Keebler	personal_care	29.84	Joanne	Williams	F	3638 Marsh Union
2	2	2020-06-21 12:14:53	3598215285024754	fraud_Swaniawski, Nitzsche and Welch	health_fitness	41.28	Ashley	Lopez	F	9333 Valentine Point
3	3	2020-06-21 12:15:15	3591919803438423	fraud_Haley Group	misc_pos	60.05	Brian	Williams	М	32941 Krystal Mill Apt. 552
4	4	2020-06-21 12:15:17	3526826139003047	fraud_Johnston- Casper	travel	3.19	Nathan	Massey	М	5783 Evan Roads Apt. 465
4										•

In [39]: print(test.shape),print(train.shape)

(555719, 23) (1296675, 23)

Out[39]: (None, None)

 train.isna().sum() In [40]: Out[40]: Unnamed: 0 0 trans_date_trans_time 0 0 cc_num merchant 0 category 0 amt 0 first 0 last 0 gender 0 street 0 city 0 state 0 zip 0 lat 0 long 0 city_pop 0 job 0 dob 0 0 trans_num unix_time 0 merch_lat 0 merch_long 0 is_fraud 0 dtype: int64

▶ test.isnull().sum() In [41]: Out[41]: Unnamed: 0 0 trans_date_trans_time 0 0 cc_num merchant 0 category 0 amt 0 first 0 last 0 gender 0 street 0 city 0 state 0 zip 0 lat 0 long 0 city_pop 0 job 0 dob 0 0 trans_num unix_time 0 merch_lat 0 merch_long 0 is_fraud 0 dtype: int64

In [42]: ► test.info(), train.info()

<class 'pandas.core.frame.DataFrame'>
RangeIndex: 555719 entries, 0 to 555718
Data columns (total 23 columns):

#	Column	Non-Nu	ll Count	Dtype				
0	Unnamed: 0		non-null	int64				
1	trans_date_trans	_	non-null	object				
2	cc_num	555719	non-null	int64				
3	merchant	555719	non-null	object				
4	category	555719	non-null	object				
5	amt	555719	non-null	float64				
6	first	555719	non-null	object				
7	last	555719	non-null	object				
8	gender	555719	non-null	object				
9	street	555719	non-null	object				
10	city	555719	non-null	object				
11	state	555719	non-null	object				
12	zip	555719	non-null	int64				
13	lat	555719	non-null	float64				
14	long	555719	non-null	float64				
15	city_pop	555719	non-null	int64				
16	job	555719	non-null	object				
17	dob	555719	non-null	object				
18	trans_num	555719	non-null	object				
19	unix_time	555719	non-null	int64				
20	merch_lat	555719	non-null	float64				
21	merch_long	555719	non-null	float64				
22	is_fraud	555719	non-null	int64				
$\frac{1}{1}$								

dtypes: float64(5), int64(6), object(12)

memory usage: 97.5+ MB

<class 'pandas.core.frame.DataFrame'>
RangeIndex: 1296675 entries, 0 to 1296674

Data columns (total 23 columns):

#	Column	Non-Null Count	Dtype
0	Unnamed: 0	1296675 non-null	int64
1	<pre>trans_date_trans_time</pre>	1296675 non-null	object
2	cc_num	1296675 non-null	int64
3	merchant	1296675 non-null	object
4	category	1296675 non-null	object
5	amt	1296675 non-null	float64
6	first	1296675 non-null	object
7	last	1296675 non-null	object

```
gender
                         1296675 non-null object
   street
                         1296675 non-null object
9
                         1296675 non-null object
10 city
11 state
                         1296675 non-null object
                         1296675 non-null int64
12 zip
13 lat
                         1296675 non-null float64
                         1296675 non-null float64
14 long
15 city_pop
                         1296675 non-null int64
16 job
                         1296675 non-null object
17 dob
                         1296675 non-null object
                         1296675 non-null object
18 trans_num
                         1296675 non-null int64
19 unix_time
20 merch_lat
                         1296675 non-null float64
21 merch_long
                         1296675 non-null float64
22 is_fraud
                         1296675 non-null int64
```

dtypes: float64(5), int64(6), object(12)

memory usage: 227.5+ MB

Out[42]: (None, None)

Out[43]:

•	trans_date_trans_time	cc_num	merchant	category	amt	first	last	gender	street	city	S
0	2019-01-01 00:00:18	2703186189652095	fraud_Rippin, Kub and Mann	misc_net	4.97	Jennifer	Banks	F	561 Perry Cove	Moravian Falls	
1	2019-01-01 00:00:44	630423337322	fraud_Heller, Gutmann and Zieme	grocery_pos	107.23	Stephanie	Gill	F	43039 Riley Greens Suite 393	Orient	
2	2019-01-01 00:00:51	38859492057661	fraud_Lind- Buckridge	entertainment	220.11	Edward	Sanchez	M	594 White Dale Suite 530	Malad City	
3	2019-01-01 00:01:16	3534093764340240	fraud_Kutch, Hermiston and Farrell	gas_transport	45.00	Jeremy	White	M	9443 Cynthia Court Apt. 038	Boulder	
4	2019-01-01 00:03:06	375534208663984	fraud_Keeling- Crist	misc_pos	41.96	Tyler	Garcia	М	408 Bradley Rest	Doe Hill	
4										l	•

EDA

In [44]: ► train.describe().T

Out[44]:

	count	mean	std	min	25%	50%	75%	max
cc_num	1296675.0	4.171920e+17	1.308806e+18	6.041621e+10	1.800429e+14	3.521417e+15	4.642255e+15	4.992346e+18
amt	1296675.0	7.035104e+01	1.603160e+02	1.000000e+00	9.650000e+00	4.752000e+01	8.314000e+01	2.894890e+04
zip	1296675.0	4.880067e+04	2.689322e+04	1.257000e+03	2.623700e+04	4.817400e+04	7.204200e+04	9.978300e+04
lat	1296675.0	3.853762e+01	5.075808e+00	2.002710e+01	3.462050e+01	3.935430e+01	4.194040e+01	6.669330e+01
long	1296675.0	-9.022634e+01	1.375908e+01	-1.656723e+02	-9.679800e+01	-8.747690e+01	-8.015800e+01	-6.795030e+01
city_pop	1296675.0	8.882444e+04	3.019564e+05	2.300000e+01	7.430000e+02	2.456000e+03	2.032800e+04	2.906700e+06
unix_time	1296675.0	1.349244e+09	1.284128e+07	1.325376e+09	1.338751e+09	1.349250e+09	1.359385e+09	1.371817e+09
merch_lat	1296675.0	3.853734e+01	5.109788e+00	1.902779e+01	3.473357e+01	3.936568e+01	4.195716e+01	6.751027e+01
merch_long	1296675.0	-9.022646e+01	1.377109e+01	-1.666712e+02	-9.689728e+01	-8.743839e+01	-8.023680e+01	-6.695090e+01
is_fraud	1296675.0	5.788652e-03	7.586269e-02	0.000000e+00	0.000000e+00	0.000000e+00	0.000000e+00	1.000000e+00

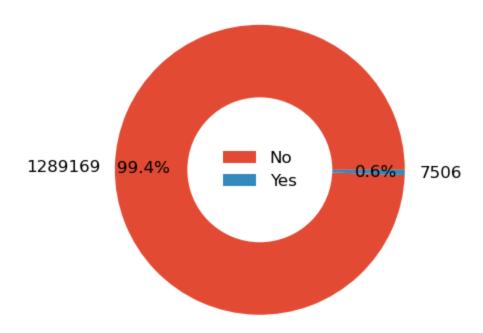
Out[45]: count

count 1.296675e+06
mean 7.035104e+01
std 1.603160e+02
min 1.000000e+00
25% 9.650000e+00
50% 4.752000e+01
75% 8.314000e+01
max 2.894890e+04

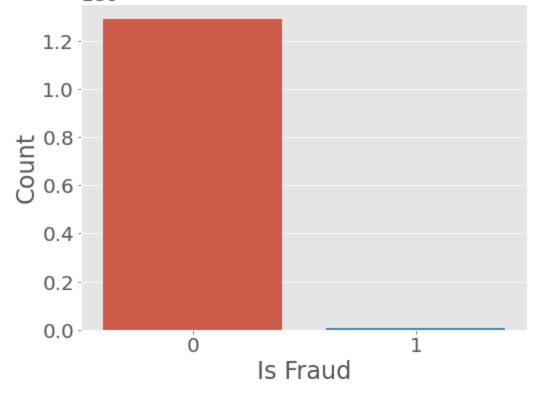
Name: amt, dtype: float64

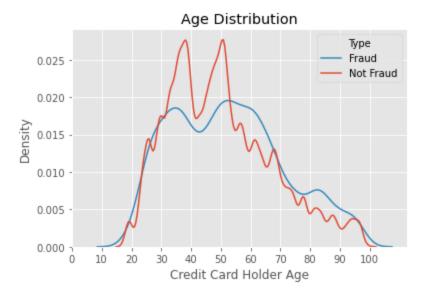
```
donut = train["is_fraud"].value_counts().reset_index()
In [46]:
             labels = ["No", "Yes"]
             explode = (0, 0)
             fig, ax = plt.subplots(dpi=120, figsize=(8, 4))
             plt.pie(donut["is_fraud"],
                     labels=donut["is_fraud"],
                     autopct="%1.1f%%",
                     pctdistance=0.8,
                     explode=explode)
             centre_circle = plt.Circle((0.0, 0.0), 0.5, fc='white')
             fig = plt.gcf()
             fig.gca().add_artist(centre_circle)
             plt.title("Fraud proportion in Transactions")
             plt.legend(labels, loc="center", frameon=False)
             plt.show();
```

Fraud proportion in Transactions



Distribution of Fraudulent Transactions

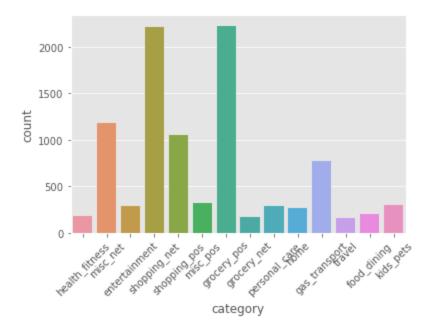




```
<class 'pandas.core.frame.DataFrame'>
Int64Index: 1852394 entries, 0 to 1296674
Data columns (total 23 columns):
    Column
                           Dtype
                           ----
 0
    trans_date_trans_time object
 1
                           int64
     cc_num
 2
    merchant
                           object
 3
                           object
     category
                           float64
 4
     amt
 5
    first
                           object
     last
                           object
 7
    gender
                           object
 8
     street
                           object
 9
     city
                           object
 10 state
                           object
                           int64
 11 zip
                           float64
 12 lat
 13 long
                           float64
                           int64
 14 city_pop
15 job
                           object
 16 dob
                           object
17 trans_num
                           object
18 unix_time
                           int64
19 merch_lat
                           float64
                           float64
20 merch_long
21 is_fraud
                           int64
22 age
                           float64
dtypes: float64(6), int64(5), object(12)
memory usage: 339.2+ MB
```

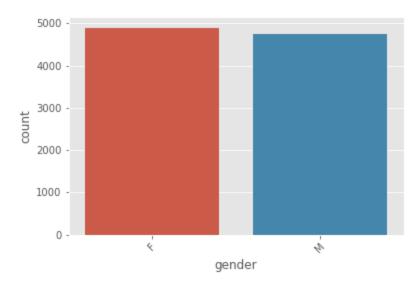
```
In [52]: N sns.countplot(total['is_fraud_cat']=="T"].category)
plt.xticks(rotation=45)
plt.show()
```

C:\Users\dkond\anaconda3\lib\site-packages\seaborn_decorators.py:36: FutureWarning: Pass the following
variable as a keyword arg: x. From version 0.12, the only valid positional argument will be `data`, and
passing other arguments without an explicit keyword will result in an error or misinterpretation.
 warnings.warn(



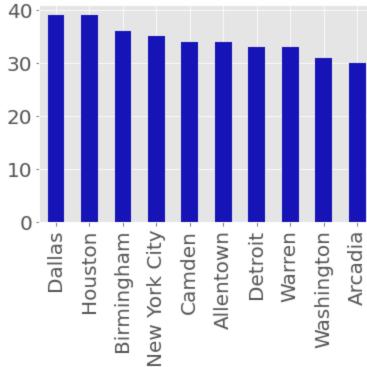
```
In [53]: N sns.countplot(total[total['is_fraud_cat']=="T"].gender)
plt.xticks(rotation=45)
plt.show()
```

C:\Users\dkond\anaconda3\lib\site-packages\seaborn_decorators.py:36: FutureWarning: Pass the following variable as a keyword arg: x. From version 0.12, the only valid positional argument will be `data`, and passing other arguments without an explicit keyword will result in an error or misinterpretation. warnings.warn(



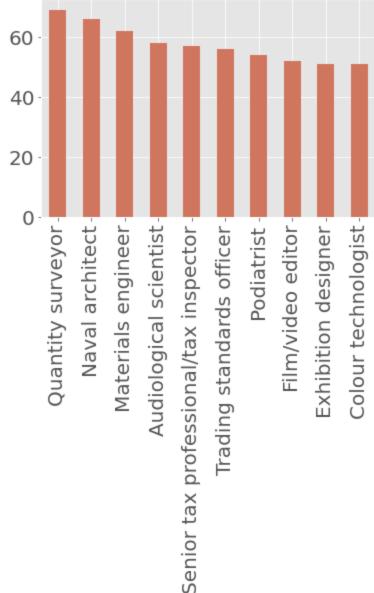
```
import random
def randomcolor():
    r = random.random()
    b = random.random()
    g = random.random()
    rgb = [r,g,b]
    return rgb
    plt.rcParams.update({'font.size': 20})
    total[total['is_fraud_cat']=="T"]["city"].value_counts(sort=True,ascending=False).head(10).plot(kind="bar plt.title("Number of Credit Card Frauds by City")
    plt.show()
```

Number of Credit Card Frauds by City



```
In [55]: In total['is_fraud_cat']=="T"]["job"].value_counts(sort=True,ascending=False).head(10).plot(kind="bar"
plt.title("Number of Credit Card Frauds by Job")
plt.show()
```

Number of Credit Card Frauds by Job

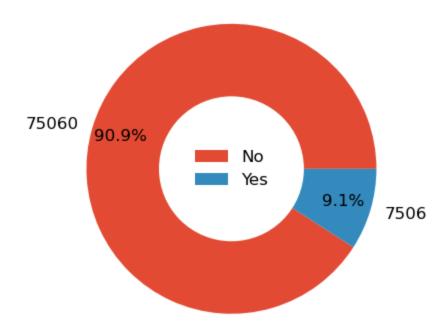


Imbalanced Data

Undersampling

```
In [15]:
          donut = y_undersampled.value_counts().reset_index()
             labels = ["No", "Yes"]
             explode = (0, 0)
             fig, ax = plt.subplots(dpi=120, figsize=(8, 4))
             plt.pie(donut["is_fraud"],
                     labels=donut["is_fraud"],
                     autopct="%1.1f%%",
                     pctdistance=0.8,
                     explode=explode)
             centre_circle = plt.Circle((0.0, 0.0), 0.5, fc='white')
             fig = plt.gcf()
             fig.gca().add_artist(centre_circle)
             plt.title("Fraud Proportion with Undersampling")
             plt.legend(labels, loc="center", frameon=False)
             plt.show();
```

Fraud Proportion with Undersampling



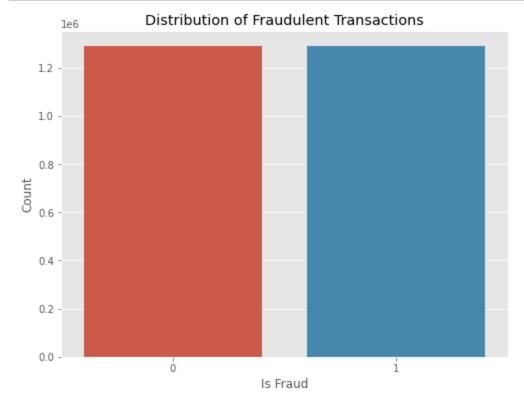
Training the model

```
In [16]: In sklearn.preprocessing import StandardScaler, OneHotEncoder
from sklearn.linear_model import LogisticRegression
from sklearn.metrics import accuracy_score, precision_score, recall_score, f1_score, roc_curve, auc, conf
from imblearn.over_sampling import SMOTE
from sklearn.model_selection import train_test_split
from sklearn.utils import shuffle
```

```
In [17]: # Encode categorical variables
             encoder = OneHotEncoder(drop='first')
             categorical_cols = ['gender', 'category', 'state']
             encoded train features = encoder.fit transform(train[categorical cols]).toarray()
             encoded test features = encoder.transform(test[categorical cols]).toarray()
             # Feature scaling
             scaler = StandardScaler()
             numerical_cols = ['amt', 'lat', 'long','city_pop', 'unix_time', 'merch_lat', 'merch_long']
             scaled_train_features = scaler.fit_transform(train[numerical_cols])
             scaled_test_features = scaler.transform(test[numerical_cols])
             # Concatenate encoded and scaled features for both train and test data
             final_train_features = pd.concat([pd.DataFrame(encoded_train_features), pd.DataFrame(scaled_train_feature
             final_test_features = pd.concat([pd.DataFrame(encoded_test_features), pd.DataFrame(scaled_test_features)]
             # Define target variables
             train target = train['is fraud']
             test_target = test['is_fraud']
In [18]: ▶ # Generating synthetic data to balance the imbalanced dataset
             smote = SMOTE(random_state=36)
             x_train_resample, y_train_resample = smote.fit_resample(final_train_features, train_target)
In [19]: 

# checking newly created data
             print('Current length of the training set: ', len(y_train_resample))
```

Current length of the training set: 2578338



```
In [21]: N X_shuffled, y_shuffled = shuffle(x_train_resample, y_train_resample, random_state=42)
```

In [22]: ▶ x_train, x_validation, y_train, y_validation = train_test_split(X_shuffled, y_shuffled, test_size=0.5)

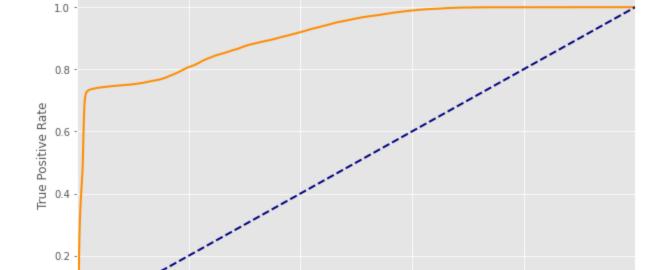
```
In [23]: ▶ # for the initial selection process we will use a tiny
            # portion of the actual training dataset
            x train copy = x train
            y train copy = y train
            x train = x train[:10000]
            y_train = y_train[:10000]
lg model = LogisticRegression()
            lg_model.fit(x_train, y_train)
            # Make predictions on test data
            lg predictions = lg model.predict(x validation)
            # Calculate evaluation metrics on test data
            lg_accuracy = accuracy_score(y_validation, lg_predictions)
            # Print evaluation metrics with 3 decimal places, multiplied by 100
            print("Logistic Regression Accuracy: {:.3f}%".format(lg accuracy * 100))
            C:\Users\dkond\anaconda3\lib\site-packages\sklearn\linear_model\_logistic.py:814: ConvergenceWarning: lb
            fgs failed to converge (status=1):
            STOP: TOTAL NO. of ITERATIONS REACHED LIMIT.
            Increase the number of iterations (max_iter) or scale the data as shown in:
                https://scikit-learn.org/stable/modules/preprocessing.html (https://scikit-learn.org/stable/modules/
            preprocessing.html)
            Please also refer to the documentation for alternative solver options:
                https://scikit-learn.org/stable/modules/linear model.html#logistic-regression (https://scikit-learn.
            org/stable/modules/linear_model.html#logistic-regression)
              n_iter_i = _check_optimize_result(
            Logistic Regression Accuracy: 82.123%
```

ROC curve (area = 0.91)

1.0

0.8

```
# Calculate ROC curve and AUC
In [25]:
             probs = lg_model.predict_proba(x_validation)[:, 1]
             fpr, tpr, thresholds = roc_curve(y_validation, probs)
             roc_auc = auc(fpr, tpr)
             # Plot ROC curve
             plt.figure(figsize=(10, 6))
             plt.plot(fpr, tpr, color='darkorange', lw=2, label='ROC curve (area = %0.2f)' % roc_auc)
             plt.plot([0, 1], [0, 1], color='navy', lw=2, linestyle='--')
             plt.xlim([0.0, 1.0])
             plt.ylim([0.0, 1.05])
             plt.xlabel('False Positive Rate')
             plt.ylabel('True Positive Rate')
             plt.title('Receiver Operating Characteristic (ROC)')
             plt.legend(loc="lower right")
             plt.show()
```



0.4

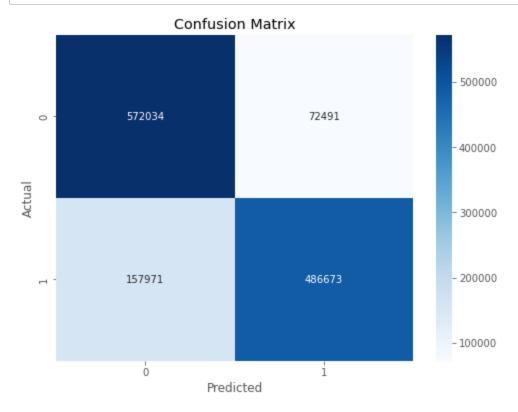
False Positive Rate

0.6

Receiver Operating Characteristic (ROC)

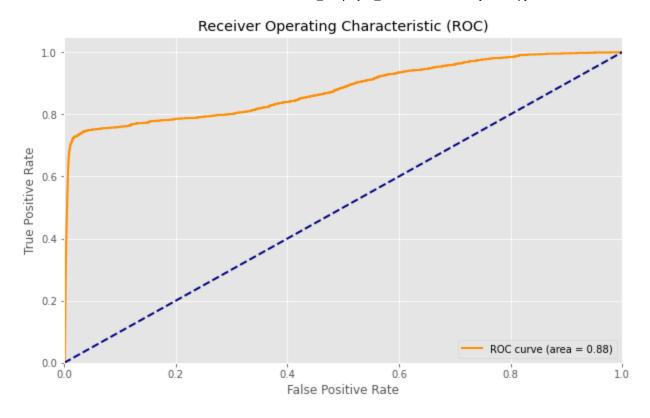
0.2

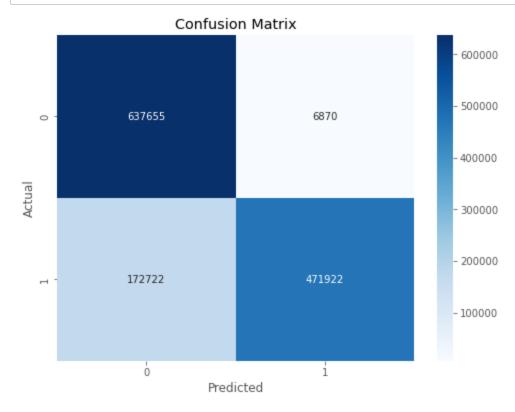
0.0



SVM Accuracy: 86.069%

```
In [28]: ▶ # Calculate decision scores for the positive class
             decision_scores = svm_model.decision_function(final_test_features)
             # Calculate ROC curve and AUC
             fpr, tpr, thresholds = roc_curve(test_target, decision_scores)
             roc_auc = auc(fpr, tpr)
             # Plot ROC curve
             plt.figure(figsize=(10, 6))
             plt.plot(fpr, tpr, color='darkorange', lw=2, label='ROC curve (area = %0.2f)' % roc_auc)
             plt.plot([0, 1], [0, 1], color='navy', lw=2, linestyle='--')
             plt.xlim([0.0, 1.0])
             plt.ylim([0.0, 1.05])
             plt.xlabel('False Positive Rate')
             plt.ylabel('True Positive Rate')
             plt.title('Receiver Operating Characteristic (ROC)')
             plt.legend(loc="lower right")
             plt.show()
```

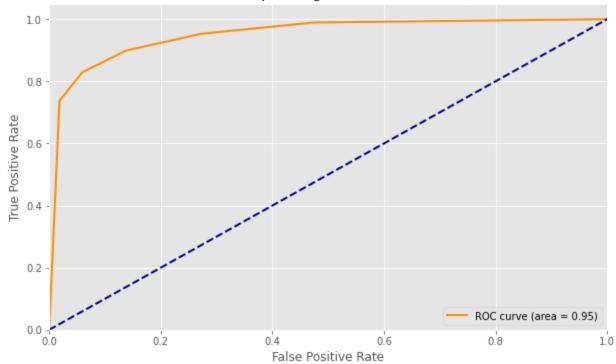


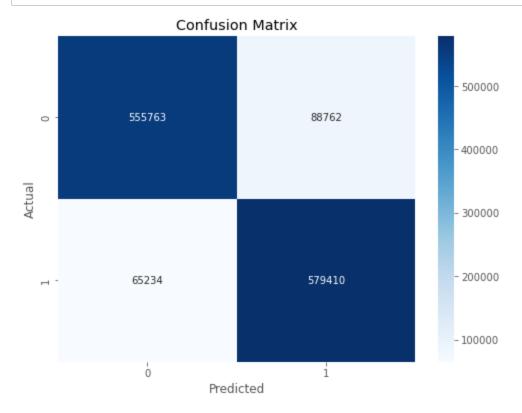


KNN Accuracy: 88.055%

```
# Calculate ROC curve and AUC
In [31]:
             probs = knn_model.predict_proba(x_validation)[:, 1]
             fpr, tpr, thresholds = roc_curve(y_validation, probs)
             roc_auc = auc(fpr, tpr)
             # Plot ROC curve
             plt.figure(figsize=(10, 6))
             plt.plot(fpr, tpr, color='darkorange', lw=2, label='ROC curve (area = %0.2f)' % roc_auc)
             plt.plot([0, 1], [0, 1], color='navy', lw=2, linestyle='--')
             plt.xlim([0.0, 1.0])
             plt.ylim([0.0, 1.05])
             plt.xlabel('False Positive Rate')
             plt.ylabel('True Positive Rate')
             plt.title('Receiver Operating Characteristic (ROC)')
             plt.legend(loc="lower right")
             plt.show()
```







```
In [33]: # Train Random Forest model
from sklearn.ensemble import RandomForestClassifier

rf_model = RandomForestClassifier()
rf_model.fit(x_train, y_train)
# Make predictions on test data
rf_predictions = rf_model.predict(x_validation)

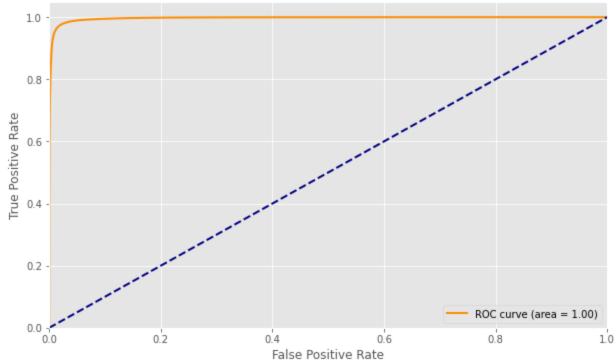
# Calculate evaluation metrics on test data
rf_accuracy = accuracy_score(y_validation, rf_predictions)

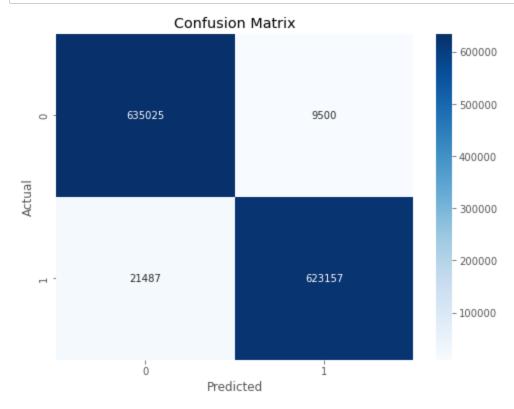
# Print evaluation metrics with 3 decimal places, multiplied by 100
print("Random Forest Accuracy: {:.3f}%".format(rf_accuracy * 100))
```

Random Forest Accuracy: 97.596%

```
# Calculate ROC curve and AUC
In [34]:
             probs = rf_model.predict_proba(x_validation)[:, 1]
             fpr, tpr, thresholds = roc_curve(y_validation, probs)
             roc_auc = auc(fpr, tpr)
             # Plot ROC curve
             plt.figure(figsize=(10, 6))
             plt.plot(fpr, tpr, color='darkorange', lw=2, label='ROC curve (area = %0.2f)' % roc_auc)
             plt.plot([0, 1], [0, 1], color='navy', lw=2, linestyle='--')
             plt.xlim([0.0, 1.0])
             plt.ylim([0.0, 1.05])
             plt.xlabel('False Positive Rate')
             plt.ylabel('True Positive Rate')
             plt.title('Receiver Operating Characteristic (ROC)')
             plt.legend(loc="lower right")
             plt.show()
```







```
In [36]: | import pandas as pd
             from sklearn.metrics import roc_auc_score, f1_score, precision_score, recall_score
             # Define model names and instances
             model names = ['Logistic Regression', 'SVM', 'KNN', 'Random Forest']
             model instances = [lg_model, svm_model, knn_model, rf_model]
             # Initialize lists to store accuracy and ROC scores
             accuracy scores = []
             roc scores = []
             f1 scores = []
             precision scores = []
             recall scores = []
             # Calculate accuracy and ROC scores for each model
             for model in model instances:
                 predictions = model.predict(final test features)
                 accuracy = accuracy_score(test_target, predictions)
                 roc_score = roc_auc_score(test_target, predictions)
                 accuracy scores.append(accuracy)
                 roc_scores.append(roc_score)
                 f1_scores.append(f1_score(test_target, predictions))
                 precision_scores.append(precision_score(test_target, predictions))
                 recall_scores.append(recall_score(test_target, predictions))
             # Create a DataFrame to compare results
             results_df = pd.DataFrame({
                 'Model': model names,
                 'Accuracy': accuracy_scores,
                 'ROC Score': roc_scores,
                 'F1 Score': f1_scores,
                 'Precision Score': precision_scores,
                 'Recall Score': recall_scores,
             })
             # Print the comparison table
             print(results df)
```

	Model	Accuracy	ROC Score	F1 Score	Precision Score	\
0	Logistic Regression	0.918964	0.823722	0.064832	0.033927	
1	SVM	0.971955	0.854268	0.168401	0.095083	
2	KNN	0.840139	0.806912	0.036004	0.018431	
3	Random Forest	0.985331	0.917637	0.308918	0.188789	

Recall Score
0 0.727739
1 0.735664
2 0.773427
3 0.849417