Find and Remove Outliers in Credit Card Fraud Detection Dataset

Please download the data from https://www.kaggle.com/dalpozz/creditcardfraud/data (https://www.kaggle.com/dalpozz/creditcardfraud/dat

Info about data: it is a CSV file, contains 31 features, the last feature is used to classify the transaction whether it is a fraud or not

Information about data set

The datasets contains transactions made by credit cards in September 2013 by european cardholders. This dataset presents transactions that occurred in two days, where we have 492 frauds out of 284,807 transactions. The dataset is highly unbalanced, the positive class (frauds) account for 0.172% of all transactions.

It contains only numerical input variables which are the result of a PCA transformation. Unfortunately, due to confidentiality issues, we cannot provide the original features and more background information about the data. Features V1, V2, ... V28 are the principal components obtained with PCA, the only features which have not been transformed with PCA are 'Time' and 'Amount'. Feature 'Time' contains the seconds elapsed between each transaction and the first transaction in the dataset. The feature 'Amount' is the transaction Amount, this feature can be used for example-dependent cost-senstive learning. Feature 'Class' is the response variable and it takes value 1 in case of fraud and 0 otherwise.

Given the class imbalance ratio, we recommend measuring the accuracy using the Area Under the Precision-Recall Curve (AUPRC). Confusion matrix accuracy is not meaningful for unbalanced classification.

The dataset has been collected and analysed during a research collaboration of Worldline and the Machine Learning Group (http://mlg.ulb.ac.be) of ULB (Université Libre de Bruxelles) on big data mining and fraud detection.

```
In [1]: import pandas as pd
   import numpy as np
   import seaborn as sns
   import matplotlib.pyplot as plt

from sklearn.neighbors import LocalOutlierFactor
```

```
In [2]: data = pd.read_csv("creditcard.csv")
```

```
In [3]:
          data.shape
Out[3]: (284807, 31)
In [4]:
          data.head()
Out[4]:
                          V1
                                    V2
                                              V3
                                                        V4
                                                                  V5
                                                                             V6
                                                                                       V7
                                                                                                 V8
                                                                                                           V9 ...
                                                                                                                        V21
                                                                                                                                   V22
                                                                                                                                             V23
              Time
                                                                                                                                                       V
                   -1.359807
                              -0.072781 2.536347
                                                   1.378155
                                                            -0.338321
                                                                       0.462388
                                                                                  0.239599
                                                                                            0.098698
                                                                                                      0.363787 ... -0.018307
                                                                                                                              0.277838
                                                                                                                                        -0.110474
                                                                                                                                                   0.0669
               0.0
                    1.191857
                              0.266151
                                                                       -0.082361
                                                                                 -0.078803
               0.0
                                        0.166480
                                                   0.448154
                                                             0.060018
                                                                                            0.085102 -0.255425 ... -0.225775
                                                                                                                              -0.638672
                                                                                                                                        0.101288
                                                                                                                                                  -0.3398
                    -1.358354
                              -1.340163
                                        1.773209
                                                            -0.503198
                                                                       1.800499
                                                                                                                                        0.909412 -0.6892
                                                   0.379780
                                                                                  0.791461
                                                                                            0.247676 -1.514654 ...
                                                                                                                   0.247998
                                                                                                                              0.771679
                    -0.966272
                              -0.185226
                                        1.792993
                                                  -0.863291
                                                            -0.010309
                                                                       1.247203
                                                                                  0.237609
                                                                                            0.377436
                                                                                                     -1.387024 ... -0.108300
                                                                                                                              0.005274
                                                                                                                                       -0.190321
                                                                                                                                                  -1.1755
           3
               2.0 -1.158233
                              0.877737 1.548718
                                                  0.403034
                                                            -0.407193
                                                                       0.095921
                                                                                  0.592941 -0.270533
                                                                                                      0.817739 ... -0.009431
                                                                                                                              0.798278
                                                                                                                                       -0.137458
                                                                                                                                                  0.1412
          5 rows × 31 columns
In [5]:
          # sampling random 50000 points
          data 50000 = data.sample(n = 50000)
          data 50000.head()
In [6]:
Out[6]:
                      Time
                                   V1
                                             V2
                                                       V3
                                                                  V4
                                                                            V5
                                                                                      V6
                                                                                                V7
                                                                                                           V8
                                                                                                                     V9 ...
                                                                                                                                  V21
                                                                                                                                           V22
                                                                                                                                                      V2
            74072
                    55413.0
                             1.010050
                                       -0.476833
                                                  1.826221
                                                            2.930597 -1.174913
                                                                                1.425051
                                                                                          -1.300402
                                                                                                     0.581938
                                                                                                               1.446847 ...
                                                                                                                             0.018695
                                                                                                                                       0.357714
                                                                                                                                                -0.24163
            37724
                    39079.0 -1.233197
                                       -0.282540
                                                  1.665411
                                                           -1.940511
                                                                      -0.224044
                                                                                0.291964
                                                                                          -0.678048
                                                                                                     0.484719 -1.197673 ...
                                                                                                                             0.513156
                                                                                                                                       1.328134
                                                                                                                                                -0.46505
                   136702.0
                             1.917463
                                        0.068259
                                                 -1.753261
                                                            0.585406
                                                                      0.183106
                                                                               -1.477567
                                                                                           0.450019
                                                                                                    -0.481973
                                                                                                               0.405572 ...
                                                                                                                                       0.800281
                                                                                                                                                -0.09720
           207494
                                                                                                                             0.253490
                   124753.0 -1.215556
                                        1.259983
                                                  3.236210
                                                                      -0.472941
                                                                                2.304407
                                                                                          -0.756308
                                                                                                     0.550394
                                                                                                               0.525018 ...
                                                            4.503750
                                                                                                                            -0.145317
                                                                                                                                       0.581410 -0.47992
                                                           -0.941510
           271725 164713.0 -1.424896
                                       1.073129
                                                 0.105897
                                                                      0.437835
                                                                                0.584503
                                                                                           0.103029
                                                                                                     1.050873 -0.247711 ...
                                                                                                                            5 rows × 31 columns
```

```
In [7]: data_50000.to_csv("NewCreditCard.csv")
```

Detecting outliers for 'k' value 2

We have assumed that 50% of total points in our data set are outliers.

```
newData = pd.read csv("NewCreditCard.csv")
In [8]:
In [9]:
           newData.head()
Out[9]:
               Unnamed:
                                          V1
                                                    V2
                                                              V3
                                                                         V4
                                                                                   V5
                                                                                             V6
                                                                                                        V7
                                                                                                                  V8 ...
                                                                                                                               V21
                                                                                                                                         V22
                                                                                                                                                   V23
                             Time
                       0
                   74072
                                              -0.476833
                                    1.010050
                                                         1.826221
                                                                   2.930597
                                                                            -1.174913
                                                                                        1.425051 -1.300402
                                                                                                            0.581938 ...
                                                                                                                          0.018695 0.357714
           0
                           55413.0
                  37724
                           39079.0
                                   -1.233197
                                              -0.282540
                                                                             -0.224044
                                                                                                             0.484719 ...
                                                         1.665411
                                                                   -1.940511
                                                                                        0.291964
                                                                                                  -0.678048
                                                                                                                          0.513156
                                                                                                                                    1.328134
                                                                                                                                              -0.465055
            2
                  207494
                          136702.0
                                    1.917463
                                              0.068259
                                                        -1.753261
                                                                   0.585406
                                                                             0.183106
                                                                                       -1.477567
                                                                                                  0.450019
                                                                                                            -0.481973
                                                                                                                          0.253490
                                                                                                                                    0.800281
                                                                                                                                              -0.097207
                                                                                                                                                         0
            3
                  180930
                          124753.0
                                   -1.215556
                                              1.259983
                                                         3.236210
                                                                   4.503750
                                                                             -0.472941
                                                                                        2.304407
                                                                                                 -0.756308
                                                                                                            0.550394
                                                                                                                          -0.145317
                                                                                                                                    0.581410
                                                                                                                                              -0.479921
                                                                                                                                                        -0
                  271725 164713.0 -1.424896
                                              1.073129
                                                         0.105897
                                                                  -0.941510
                                                                             0.437835
                                                                                        0.584503
                                                                                                  0.103029
                                                                                                            1.050873 ...
                                                                                                                          0.094488
                                                                                                                                    0.238311
                                                                                                                                             -0.060676
           5 rows × 32 columns
           FinalData = newData.drop("Unnamed: 0", axis = 1)
In [10]:
```

Out[27]:

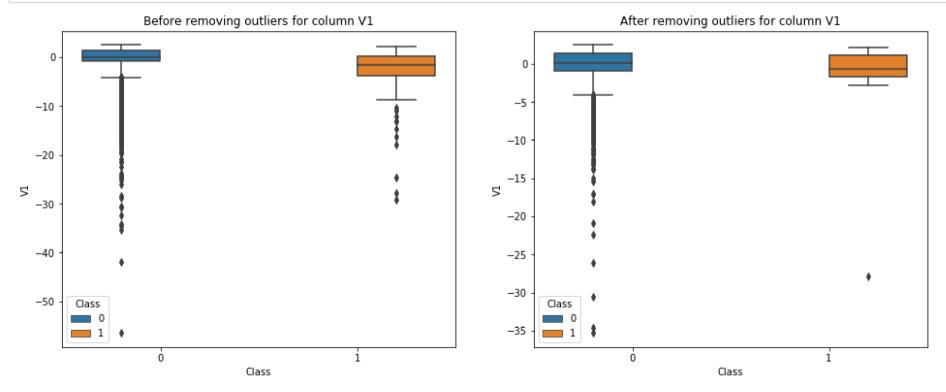
50000

```
In [11]:
           FinalData.head()
Out[11]:
                             V1
                                                                     V5
                                                                                                             V9 ...
                                                                                                                         V21
                                                                                                                                  V22
                  Time
                                       V2
                                                 V3
                                                           V4
                                                                               V6
                                                                                         V7
                                                                                                   V8
                                                                                                                                            V23
                                                                                                       1.446847 ...
               55413.0
                        1.010050
                                 -0.476833
                                            1.826221
                                                      2.930597
                                                               -1.174913
                                                                         1.425051
                                                                                   -1.300402
                                                                                             0.581938
                                                                                                                     0.018695
                                                                                                                             0.357714 -0.241636 -0.
                                 -0.282540
               39079.0 -1.233197
                                            1.665411
                                                     -1.940511
                                                               -0.224044
                                                                          0.291964
                                                                                   -0.678048
                                                                                             0.484719
                                                                                                       -1.197673 ...
                                                                                                                     0.513156
                                                                                                                             1.328134
                                                                                                                                       -0.465055 -0.
              136702.0
                       1.917463
                                  0.068259
                                           -1.753261
                                                      0.585406
                                                                0.183106 -1.477567
                                                                                    0.450019
                                                                                             -0.481973
                                                                                                       0.405572 ...
                                                                                                                     0.253490
                                                                                                                              0.800281
                                                                                                                                       -0.097207
              124753.0 -1.215556
                                  1.259983
                                            3.236210
                                                               -0.472941
                                                                          2.304407
                                                                                   -0.756308
                                                                                             0.550394
                                                                                                       0.525018 ... -0.145317
                                                                                                                              0.581410 -0.479921 -0.
                                                      4.503750
            4 164713.0 -1.424896
                                  1.073129
                                            0.105897
                                                                0.437835
                                                                         0.584503
                                                                                   0.103029
                                                                                             1.050873
                                                                                                       -0.247711 ... 0.094488 0.238311 -0.060676 -0.
                                                     -0.941510
           5 rows × 31 columns
          FinalData.shape
In [12]:
Out[12]: (50000, 31)
          lof = LocalOutlierFactor(n neighbors=2, algorithm='auto', metric='minkowski', p=2, metric_params=None, contamination=0.5,
           outlierArray = lof.fit predict(FinalData)
           outlierArray
Out[26]: array([-1, -1, 1, ..., 1, 1])
           Here, we got an array, where row corresponding to array element 1 in our dataset is an inlier and row corresponding to array element to -1
           in our dataset is an oulier
          len(outlierArray)
In [27]:
```

Calculating total number of outlier and inliers

```
In [28]:
          countOutliers = 0
          countInliers = 0
          for i in range(50000):
               if outlierArray[i] == -1:
                   countOutliers += 1
               else:
                   countInliers += 1
          print("Total number of outliers = "+str(countOutliers))
          print("Total number of inliers = "+str(countInliers))
          Total number of outliers = 25000
          Total number of inliers = 25000
          FinalData2 = FinalData.copy()
In [29]:
          FinalData2.shape
In [30]:
Out[30]: (50000, 31)
          Removing Outliers
          for i in range(50000):
In [31]:
               if outlierArray[i] == -1:
                   FinalData.drop(i, inplace = True)
          FinalData.head()
Out[31]:
                             V1
                                                          V4
                                                                    V5
                                                                                                 V8
                                                                                                          V9 ...
                                                                                                                      V21
                                                                                                                                V22
                 Time
                                      V2
                                                V3
                                                                             V6
                                                                                       V7
                                                                                                                                         V23
                                                              0.183106 -1.477567
           2 136702.0
                       1.917463
                                 0.068259
                                          -1.753261
                                                     0.585406
                                                                                  0.450019 -0.481973 0.405572 ...
                                                                                                                  0.253490
                                                                                                                           0.800281
                                                                                                                                    -0.097207
             124753.0 -1.215556
                                 1.259983
                                           3.236210
                                                     4.503750
                                                             -0.472941
                                                                        2.304407
                                                                                 -0.756308
                                                                                           0.550394 0.525018 ... -0.145317
                                                                                                                           0.581410 -0.479921 -0.
                                                                                           0.003512 1.439345 ...
              154725.0
                       1.982318 -0.535051
                                          -0.214848
                                                     0.521755
                                                             -0.983215 -0.640933
                                                                                 -0.727199
                                                                                                                 0.149974
                                                                                                                           0.598656
                                                                                                                                     0.178110
               32724.0
                       -0.455484
                                 0.670802
                                           1.465590
                                                    -1.228577
                                                              -0.004430
                                                                       -0.935596
                                                                                  0.801324
                                                                                           -0.214961
                                                                                                     0.259080 ...
                                                                                                                 -0.066009
                                                                                                                           -0.013992
                                                                                                                                    -0.025550
               25097.0
                       0.328613
                                 1.784994 -2.151250
                                                    1.984450
                                                              0.430838 -1.748658
                                                                                  0.782288
                                                                                          0.059741
                                                                                                     0.801911 ... -0.209499 -0.406531
                                                                                                                                     0.360340 -0.
          5 rows × 31 columns
```

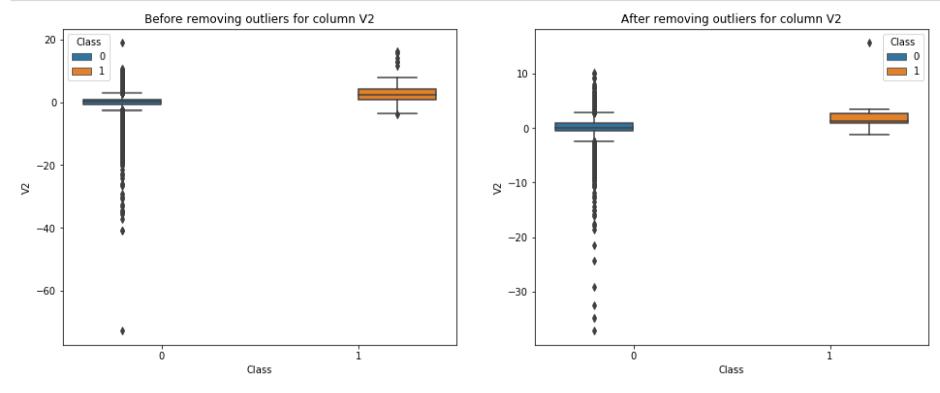
```
In [32]: FinalData2.shape
Out[32]: (50000, 31)
In [33]: FinalData.shape
Out[33]: (25000, 31)
In [34]: fig = plt.figure(figsize = (16,6))
    plt.subplot(1, 2, 1)
    plt.title("Before removing outliers for column V1")
    ax = sns.boxplot(x="Class", y = "V1", data= FinalData2, hue = "Class")
    plt.subplot(1, 2, 2)
    plt.title("After removing outliers for column V1")
    ax = sns.boxplot(x="Class", y = "V1", data= FinalData, hue = "Class")
```



```
In [35]: fig = plt.figure(figsize = (16,6))

plt.subplot(1, 2, 1)
plt.title("Before removing outliers for column V2")
ax = sns.boxplot(x="Class", y = "V2", data= FinalData2, hue = "Class")

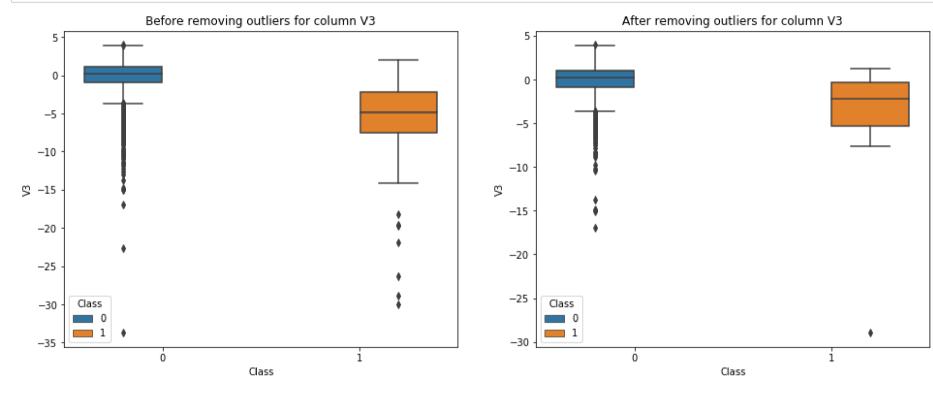
plt.subplot(1, 2, 2)
plt.title("After removing outliers for column V2")
ax = sns.boxplot(x="Class", y = "V2", data= FinalData, hue = "Class")
```



```
In [36]: fig = plt.figure(figsize = (16,6))

plt.subplot(1, 2, 1)
plt.title("Before removing outliers for column V3")
ax = sns.boxplot(x="Class", y = "V3", data= FinalData2, hue = "Class")

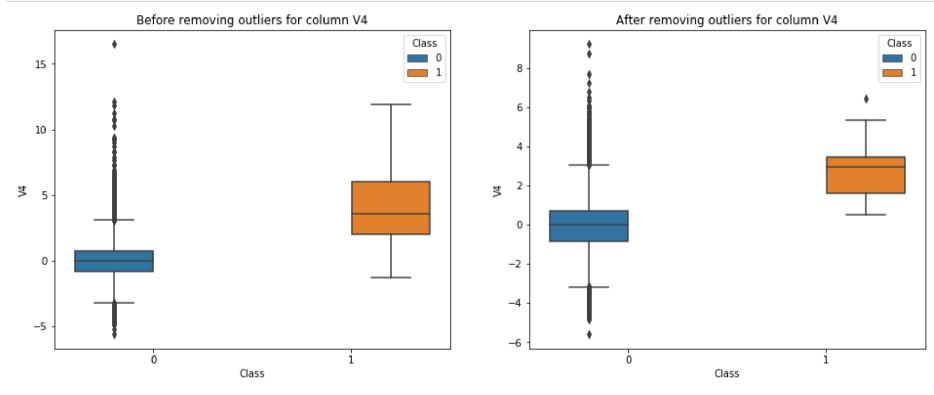
plt.subplot(1, 2, 2)
plt.title("After removing outliers for column V3")
ax = sns.boxplot(x="Class", y = "V3", data= FinalData, hue = "Class")
```



```
In [37]: fig = plt.figure(figsize = (16,6))

plt.subplot(1, 2, 1)
plt.title("Before removing outliers for column V4")
ax = sns.boxplot(x="Class", y = "V4", data= FinalData2, hue = "Class")

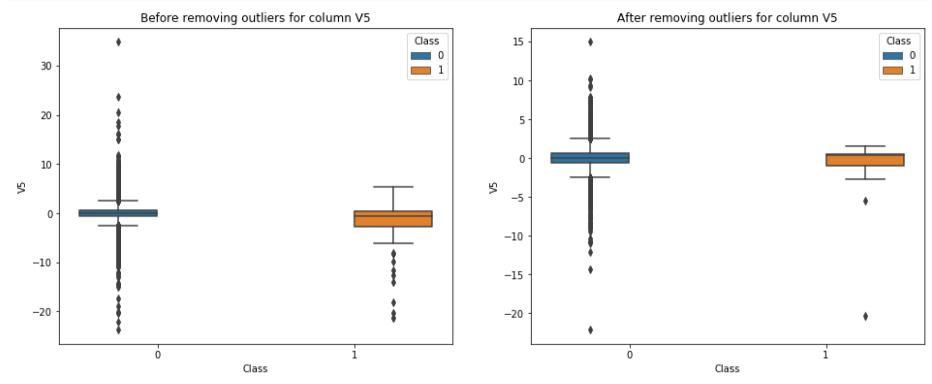
plt.subplot(1, 2, 2)
plt.title("After removing outliers for column V4")
ax = sns.boxplot(x="Class", y = "V4", data= FinalData, hue = "Class")
```



```
In [38]: fig = plt.figure(figsize = (16,6))

plt.subplot(1, 2, 1)
plt.title("Before removing outliers for column V5")
ax = sns.boxplot(x="Class", y = "V5", data= FinalData2, hue = "Class")

plt.subplot(1, 2, 2)
plt.title("After removing outliers for column V5")
ax = sns.boxplot(x="Class", y = "V5", data= FinalData, hue = "Class")
```



It can easily be observed in all of the above boxplots corresponding to columns V1, V2, V3, V4, V5, that most of the outliers for points belongs to class 1 has been removed. Furthermore, many of the outliers for points belong to class 0 has also been removed. For example for class 0 in plot 1 for column V1 all of the outliers less than -35 have been removed. Similarly, for class 0 in plot 3 for column V3 all the outliers less than -18 have been removed. Similarly, for class 0 in plot 5 for column V5 all of the outliers greater than 15 have been removed.

Detecting outliers for 'k' value 3

We have assumed that 50% of total points in our data set are outliers.

```
In [39]:
           newData = pd.read csv("NewCreditCard.csv")
           newData.head()
Out[39]:
               Unnamed:
                                          V1
                                                     V2
                                                               V3
                                                                          V4
                                                                                    V5
                                                                                               V6
                                                                                                         V7
                                                                                                                    V8 ...
                                                                                                                                 V21
                                                                                                                                           V22
                                                                                                                                                      V23
                              Time
                       0
                                                                                                              0.581938 ...
            0
                   74072
                           55413.0
                                     1.010050
                                               -0.476833
                                                          1.826221
                                                                    2.930597
                                                                              -1.174913
                                                                                         1.425051
                                                                                                   -1.300402
                                                                                                                            0.018695
                                                                                                                                      0.357714
                                                                                                                                                -0.241636
            1
                   37724
                           39079.0
                                    -1.233197
                                               -0.282540
                                                                              -0.224044
                                                                                                   -0.678048
                                                                                                              0.484719 ...
                                                          1.665411
                                                                    -1.940511
                                                                                         0.291964
                                                                                                                            0.513156
                                                                                                                                      1.328134
                                                                                                                                                -0.465055
                                                                                                                                                          -0
                          136702.0
                                    1.917463
                                                                               0.183106
                                                                                                              -0.481973 ...
            2
                  207494
                                               0.068259
                                                         -1.753261
                                                                    0.585406
                                                                                         -1.477567
                                                                                                    0.450019
                                                                                                                            0.253490
                                                                                                                                      0.800281
                                                                                                                                                -0.097207
                                                                                                                                                           0
            3
                          124753.0
                                    -1.215556
                                               1.259983
                                                          3.236210
                                                                    4.503750
                                                                              -0.472941
                                                                                         2.304407
                                                                                                   -0.756308
                                                                                                              0.550394 ...
                                                                                                                                                -0.479921 -0
                  180930
                                                                                                                            -0.145317
                                                                                                                                      0.581410
            4
                  271725
                          164713.0
                                    -1.424896
                                               1.073129
                                                          0.105897
                                                                    -0.941510
                                                                               0.437835
                                                                                         0.584503
                                                                                                    0.103029
                                                                                                              1.050873 ...
                                                                                                                            0.094488
                                                                                                                                      0.238311
                                                                                                                                                -0.060676
           5 rows × 32 columns
In [40]:
           FinalData = newData.drop("Unnamed: 0", axis = 1)
```

Out[40]:

Time **V1** V2 V3 **V4 V5 V6 V7 V8** V9 ... V21 V22 V23 1.010050 -0.476833 1.826221 2.930597 -1.174913 1.425051 -1.300402 0.581938 1.446847 ... 0.018695 0.357714 -0.241636 55413.0 39079.0 -1.233197 -0.282540 1.665411 -1.940511 -0.224044 0.291964 -0.678048 0.484719 -1.197673 ... 0.513156 1.328134 -0.465055 -0. 1.917463 0.068259 -1.753261 0.585406 0.183106 -1.477567 0.450019 -0.481973 0.405572 ... 0.253490 0.800281 -0.097207 0. 124753.0 -1.215556 1.259983 3.236210 -0.472941 2.304407 -0.756308 0.550394 0.525018 0.581410 -0.479921 -0. 4.503750 -0.145317 1.073129 0.103029 164713.0 -1.424896 0.105897 -0.941510 0.437835 0.584503 1.050873 -0.247711 ... 0.094488 0.238311 -0.060676 -0.

5 rows × 31 columns

FinalData.head()

4

•

Here, we got an array, where row corresponding to array element 1 in our dataset is an inlier and row corresponding to array element to -1 in our dataset is an oulier

```
In [43]: len(outlierArray)
Out[43]: 50000
```

Calculating total number of outlier and inliers

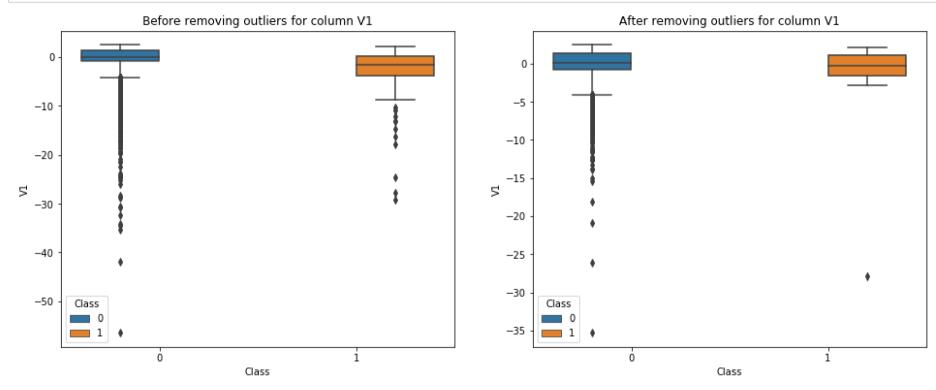
Out[49]: (25000, 31)

```
FinalData2.shape
In [46]:
Out[46]: (50000, 31)
           Removing Outliers
           for i in range(50000):
In [47]:
               if outlierArray[i] == -1:
                    FinalData.drop(i, inplace = True)
           FinalData.head()
Out[47]:
                  Time
                              V1
                                        V2
                                                  V3
                                                            V4
                                                                      V5
                                                                                V6
                                                                                          V7
                                                                                                     V8
                                                                                                              V9 ...
                                                                                                                           V21
                                                                                                                                     V22
                                                                                                                                               V23
                        1.010050
                                  -0.476833
                                            1.826221
                                                                           1.425051
                                                                                    -1.300402
               55413.0
                                                       2.930597
                                                                -1.174913
                                                                                               0.581938
                                                                                                         1.446847 ...
                                                                                                                       0.018695
                                                                                                                                 0.357714
                                                                                                                                          -0.241636
                                             1.665411
                                                                           0.291964
                39079.0 -1.233197
                                  -0.282540
                                                      -1.940511
                                                                -0.224044
                                                                                    -0.678048
                                                                                               0.484719
                                                                                                        -1.197673 ...
                                                                                                                       0.513156
                                                                                                                                 1.328134
                                                                                                                                          -0.465055
                                                                                                                                                    -0
               136702.0
                        1.917463
                                   0.068259
                                            -1.753261
                                                       0.585406
                                                                 0.183106 -1.477567
                                                                                     0.450019
                                                                                              -0.481973
                                                                                                         0.405572 ...
                                                                                                                       0.253490
                                                                                                                                 0.800281
                                                                                                                                          -0.097207
                                                                                                                                                     0
                                            -0.214848
                                                                                    -0.727199
                                                                                                         1.439345 ...
                                                                                                                                           0.178110
                                                                                                                                                     0
               154725.0
                        1.982318
                                  -0.535051
                                                       0.521755
                                                                -0.983215 -0.640933
                                                                                               0.003512
                                                                                                                       0.149974
                                                                                                                                 0.598656
               32724.0 -0.455484
                                  0.670802
                                            1.465590 -1.228577 -0.004430 -0.935596
                                                                                     0.801324 -0.214961
                                                                                                         0.259080 ... -0.066009
                                                                                                                                -0.013992 -0.025550
                                                                                                                                                     0
           5 rows × 31 columns
           FinalData2.shape
In [48]:
Out[48]: (50000, 31)
           FinalData.shape
In [49]:
```

```
In [50]: fig = plt.figure(figsize = (16,6))

plt.subplot(1, 2, 1)
plt.title("Before removing outliers for column V1")
ax = sns.boxplot(x="Class", y = "V1", data= FinalData2, hue = "Class")

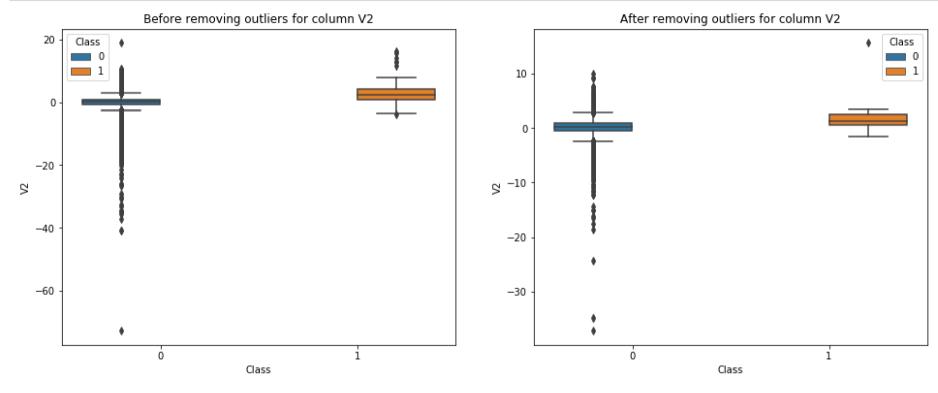
plt.subplot(1, 2, 2)
plt.title("After removing outliers for column V1")
ax = sns.boxplot(x="Class", y = "V1", data= FinalData, hue = "Class")
```



```
In [51]: fig = plt.figure(figsize = (16,6))

plt.subplot(1, 2, 1)
plt.title("Before removing outliers for column V2")
ax = sns.boxplot(x="Class", y = "V2", data= FinalData2, hue = "Class")

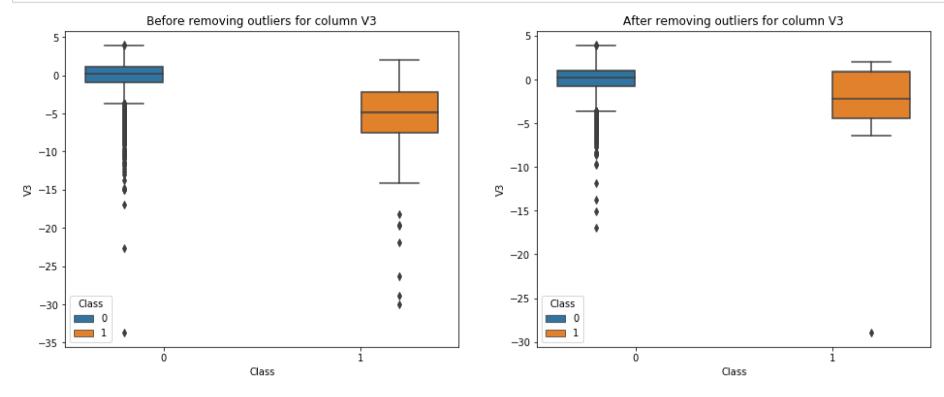
plt.subplot(1, 2, 2)
plt.title("After removing outliers for column V2")
ax = sns.boxplot(x="Class", y = "V2", data= FinalData, hue = "Class")
```



```
In [52]: fig = plt.figure(figsize = (16,6))

plt.subplot(1, 2, 1)
plt.title("Before removing outliers for column V3")
ax = sns.boxplot(x="Class", y = "V3", data= FinalData2, hue = "Class")

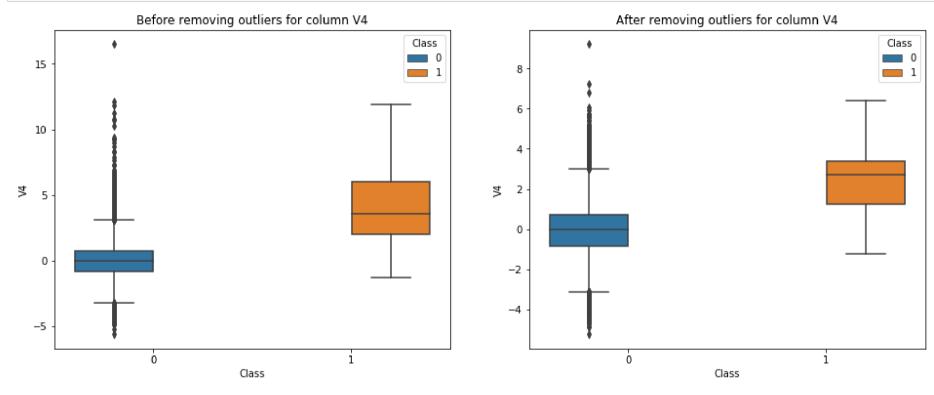
plt.subplot(1, 2, 2)
plt.title("After removing outliers for column V3")
ax = sns.boxplot(x="Class", y = "V3", data= FinalData, hue = "Class")
```



```
In [53]: fig = plt.figure(figsize = (16,6))

plt.subplot(1, 2, 1)
plt.title("Before removing outliers for column V4")
ax = sns.boxplot(x="Class", y = "V4", data= FinalData2, hue = "Class")

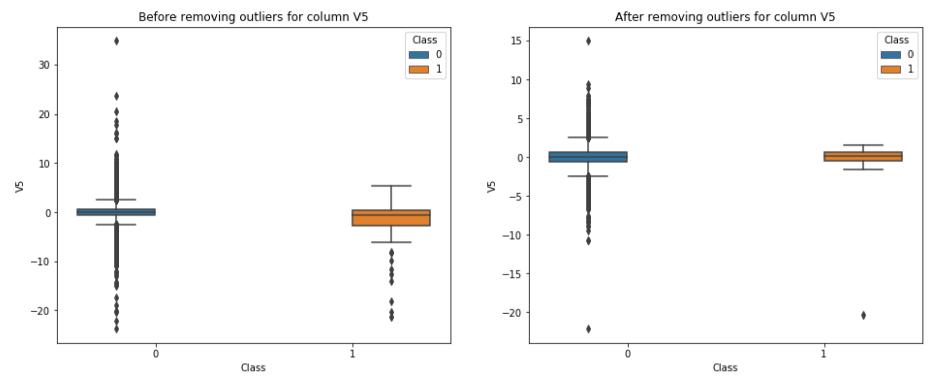
plt.subplot(1, 2, 2)
plt.title("After removing outliers for column V4")
ax = sns.boxplot(x="Class", y = "V4", data= FinalData, hue = "Class")
```



```
In [54]: fig = plt.figure(figsize = (16,6))

plt.subplot(1, 2, 1)
plt.title("Before removing outliers for column V5")
ax = sns.boxplot(x="Class", y = "V5", data= FinalData2, hue = "Class")

plt.subplot(1, 2, 2)
plt.title("After removing outliers for column V5")
ax = sns.boxplot(x="Class", y = "V5", data= FinalData, hue = "Class")
```



It can easily be observed in all of the above boxplots corresponding to columns V1, V2, V3, V4, V5, that most of the outliers for points belongs to class 1 has been removed. Furthermore, many of the outliers for points belong to class 0 has also been removed. For example for class 0 in plot 1 for column V1 all of the outliers less than -35 have been removed. Similarly, for class 0 in plot 3 for column V3 all the outliers less than -18 have been removed. Similarly, for class 0 in plot 5 for column V5 all of the outliers greater than 15 have been removed.

Detecting outliers for 'k' value 5

We have assumed that 50% of total points in our data set are outliers.

1.073129

0.105897

164713.0 -1.424896

5 rows × 31 columns

```
In [55]:
           newData = pd.read csv("NewCreditCard.csv")
           newData.head()
Out[55]:
               Unnamed:
                                           V1
                                                     V2
                                                                V3
                                                                           V4
                                                                                     V5
                                                                                                V6
                                                                                                           V7
                                                                                                                     V8 ...
                                                                                                                                  V21
                                                                                                                                            V22
                                                                                                                                                       V23
                              Time
                       0
                                                                                                               0.581938 ...
            0
                   74072
                            55413.0
                                     1.010050
                                               -0.476833
                                                          1.826221
                                                                     2.930597
                                                                               -1.174913
                                                                                          1.425051
                                                                                                    -1.300402
                                                                                                                              0.018695
                                                                                                                                        0.357714
                                                                                                                                                  -0.241636
            1
                   37724
                            39079.0
                                    -1.233197
                                               -0.282540
                                                                               -0.224044
                                                                                                    -0.678048
                                                                                                               0.484719 ...
                                                           1.665411
                                                                     -1.940511
                                                                                          0.291964
                                                                                                                             0.513156
                                                                                                                                        1.328134
                                                                                                                                                  -0.465055
                                                                                                                                                            -0
                           136702.0
                                     1.917463
                                                                                                               -0.481973 ...
            2
                  207494
                                                0.068259
                                                          -1.753261
                                                                     0.585406
                                                                               0.183106
                                                                                          -1.477567
                                                                                                     0.450019
                                                                                                                              0.253490
                                                                                                                                        0.800281
                                                                                                                                                  -0.097207
                                                                                                                                                             0
            3
                          124753.0
                                    -1.215556
                                                1.259983
                                                          3.236210
                                                                     4.503750
                                                                               -0.472941
                                                                                          2.304407
                                                                                                    -0.756308
                                                                                                               0.550394 ...
                                                                                                                                                  -0.479921 -0
                  180930
                                                                                                                             -0.145317
                                                                                                                                        0.581410
            4
                  271725
                          164713.0
                                    -1.424896
                                                1.073129
                                                          0.105897
                                                                    -0.941510
                                                                               0.437835
                                                                                          0.584503
                                                                                                     0.103029
                                                                                                               1.050873 ...
                                                                                                                              0.094488
                                                                                                                                        0.238311
                                                                                                                                                 -0.060676
           5 rows × 32 columns
In [56]:
           FinalData = newData.drop("Unnamed: 0", axis = 1)
           FinalData.head()
Out[56]:
                   Time
                               V1
                                          V2
                                                     V3
                                                               V4
                                                                          V5
                                                                                     V6
                                                                                               V7
                                                                                                          V8
                                                                                                                     V9 ...
                                                                                                                                  V21
                                                                                                                                            V22
                                                                                                                                                      V23
                                    -0.476833
                                               1.826221
                          1.010050
                                                          2.930597
                                                                   -1.174913
                                                                               1.425051
                                                                                         -1.300402
                                                                                                    0.581938
                                                                                                               1.446847 ...
                                                                                                                             0.018695
                                                                                                                                       0.357714
                                                                                                                                                 -0.241636
                55413.0
                39079.0 -1.233197
                                    -0.282540
                                               1.665411
                                                         -1.940511
                                                                   -0.224044
                                                                               0.291964
                                                                                         -0.678048
                                                                                                    0.484719
                                                                                                              -1.197673 ...
                                                                                                                             0.513156
                                                                                                                                      1.328134
                                                                                                                                                 -0.465055 -0.
                         1.917463
                                     0.068259
                                              -1.753261
                                                          0.585406
                                                                    0.183106
                                                                              -1.477567
                                                                                          0.450019
                                                                                                   -0.481973
                                                                                                               0.405572 ...
                                                                                                                             0.253490
                                                                                                                                       0.800281
                                                                                                                                                 -0.097207
                                                                                                                                                            0.
               124753.0 -1.215556
                                     1.259983
                                               3.236210
                                                                    -0.472941
                                                                               2.304407
                                                                                         -0.756308
                                                                                                    0.550394
                                                                                                               0.525018
                                                                                                                                       0.581410 -0.479921 -0.
                                                          4.503750
                                                                                                                            -0.145317
```

0.103029

1.050873

-0.247711 ...

0.094488

-0.941510

0.437835

0.584503

•

0.238311 -0.060676 -0.

Here, we got an array, where row corresponding to array element 1 in our dataset is an inlier and row corresponding to array element to -1 in our dataset is an oulier

```
In [59]: len(outlierArray)
Out[59]: 50000
```

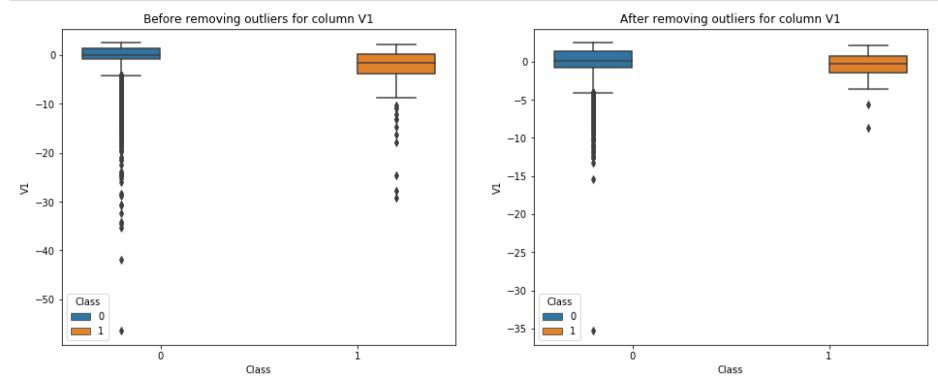
Calculating total number of outlier and inliers

```
FinalData2.shape
In [62]:
Out[62]: (50000, 31)
           Removing Outliers
           for i in range(50000):
In [63]:
               if outlierArray[i] == -1:
                    FinalData.drop(i, inplace = True)
           FinalData.head()
Out[63]:
                  Time
                              V1
                                        V2
                                                  V3
                                                            V4
                                                                      V5
                                                                                V6
                                                                                          V7
                                                                                                    V8
                                                                                                              V9 ...
                                                                                                                           V21
                                                                                                                                     V22
                                                                                                                                               V23
                       -1.233197
                                  -0.282540
                                             1.665411
                                                                                    -0.678048
               39079.0
                                                      -1.940511
                                                                -0.224044
                                                                           0.291964
                                                                                               0.484719
                                                                                                        -1.197673 ...
                                                                                                                      0.513156
                                                                                                                                1.328134
                                                                                                                                          -0.465055
              136702.0
                        1.917463
                                   0.068259
                                            -1.753261
                                                       0.585406
                                                                 0.183106
                                                                          -1.477567
                                                                                     0.450019
                                                                                             -0.481973
                                                                                                         0.405572 ...
                                                                                                                      0.253490
                                                                                                                                 0.800281
                                                                                                                                          -0.097207
                                                                                                                                                    0
              145706.0
                        -0.011162
                                  0.750724
                                            0.337352
                                                      -0.669074
                                                                 0.354770 -0.880356
                                                                                     0.847686
                                                                                              -0.018653
                                                                                                        -0.184605 ...
                                                                                                                      -0.211756
                                                                                                                                -0.509787
                                                                                                                                          0.079205
                                                                                                                                                    0
                                            -0.214848
                                                                                    -0.727199
                                                                                                         1.439345 ...
                                                                                                                                          0.178110
                                                                                                                                                    0
               154725.0
                        1.982318
                                  -0.535051
                                                       0.521755
                                                                -0.983215 -0.640933
                                                                                               0.003512
                                                                                                                      0.149974
                                                                                                                                0.598656
               32724.0 -0.455484
                                  0.670802
                                            1.465590 -1.228577 -0.004430 -0.935596
                                                                                     0.801324 -0.214961
                                                                                                         0.259080 ... -0.066009
                                                                                                                               -0.013992 -0.025550
                                                                                                                                                     0
           5 rows × 31 columns
           FinalData2.shape
In [64]:
Out[64]: (50000, 31)
           FinalData.shape
In [65]:
Out[65]: (25000, 31)
```

```
In [66]: fig = plt.figure(figsize = (16,6))

plt.subplot(1, 2, 1)
plt.title("Before removing outliers for column V1")
ax = sns.boxplot(x="Class", y = "V1", data= FinalData2, hue = "Class")

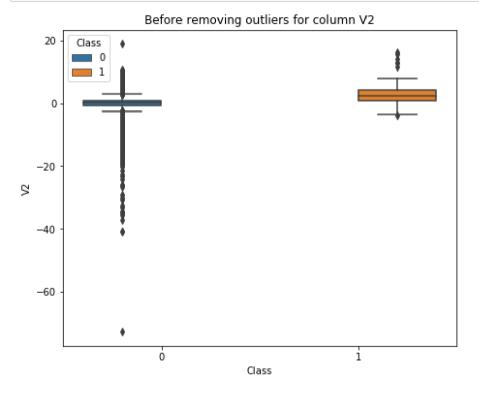
plt.subplot(1, 2, 2)
plt.title("After removing outliers for column V1")
ax = sns.boxplot(x="Class", y = "V1", data= FinalData, hue = "Class")
```

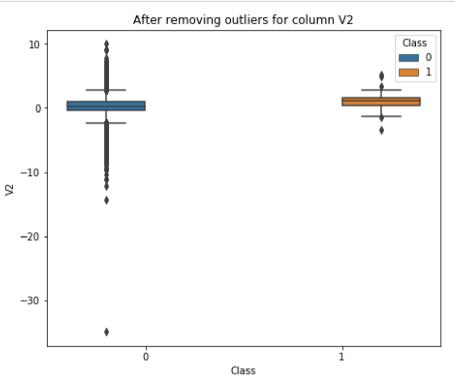


```
In [67]: fig = plt.figure(figsize = (16,6))

plt.subplot(1, 2, 1)
plt.title("Before removing outliers for column V2")
ax = sns.boxplot(x="Class", y = "V2", data= FinalData2, hue = "Class")

plt.subplot(1, 2, 2)
plt.title("After removing outliers for column V2")
ax = sns.boxplot(x="Class", y = "V2", data= FinalData, hue = "Class")
```

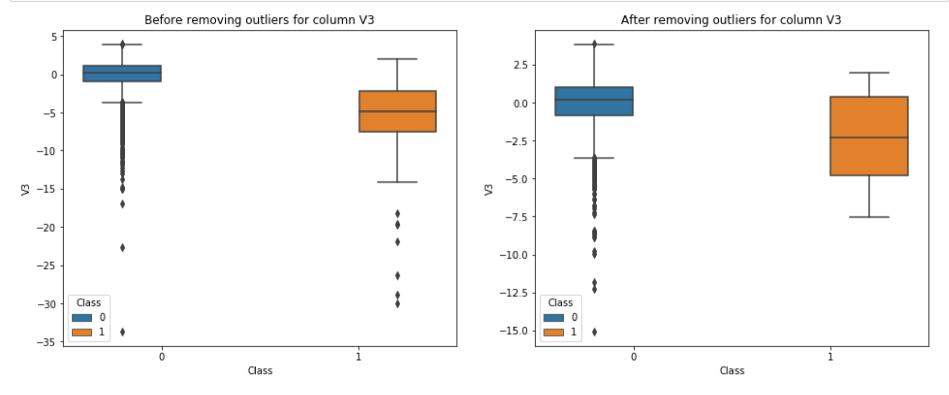




```
In [68]: fig = plt.figure(figsize = (16,6))

plt.subplot(1, 2, 1)
plt.title("Before removing outliers for column V3")
ax = sns.boxplot(x="Class", y = "V3", data= FinalData2, hue = "Class")

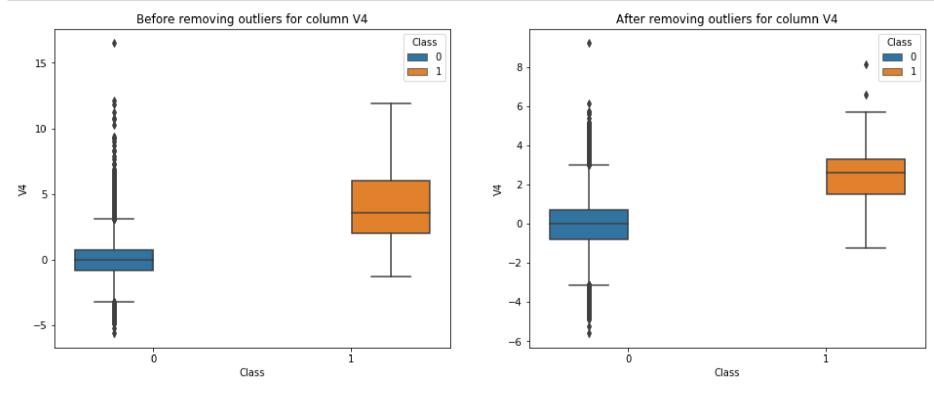
plt.subplot(1, 2, 2)
plt.title("After removing outliers for column V3")
ax = sns.boxplot(x="Class", y = "V3", data= FinalData, hue = "Class")
```



```
In [69]: fig = plt.figure(figsize = (16,6))

plt.subplot(1, 2, 1)
plt.title("Before removing outliers for column V4")
ax = sns.boxplot(x="Class", y = "V4", data= FinalData2, hue = "Class")

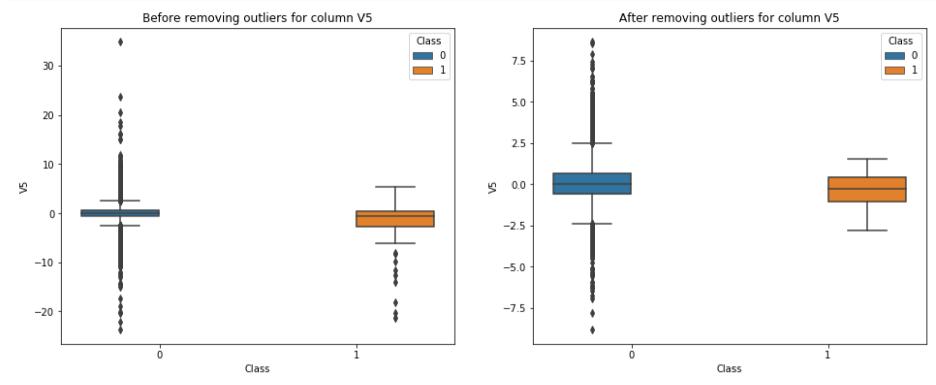
plt.subplot(1, 2, 2)
plt.title("After removing outliers for column V4")
ax = sns.boxplot(x="Class", y = "V4", data= FinalData, hue = "Class")
```



```
In [70]: fig = plt.figure(figsize = (16,6))

plt.subplot(1, 2, 1)
plt.title("Before removing outliers for column V5")
ax = sns.boxplot(x="Class", y = "V5", data= FinalData2, hue = "Class")

plt.subplot(1, 2, 2)
plt.title("After removing outliers for column V5")
ax = sns.boxplot(x="Class", y = "V5", data= FinalData, hue = "Class")
```



It can easily be observed in all of the above boxplots corresponding to columns V1, V2, V3, V4, V5, that most of the outliers for points belongs to class 1 has been removed. Furthermore, many of the outliers for points belong to class 0 has also been removed. For example for class 0 in plot 1 for column V1 all of the outliers less than -17 have been removed. Similarly, for class 0 in plot 3 for column V3 all the outliers less than -15 have been removed. Similarly, for class 0 in plot 5 for column V5 all of the outliers greater than 8.5 have been removed.

In conclusion, for k = 5 more outliers have been removed as compared to k = 2 or 3. Therefore, k = 5 is the best value for number of neighbors.