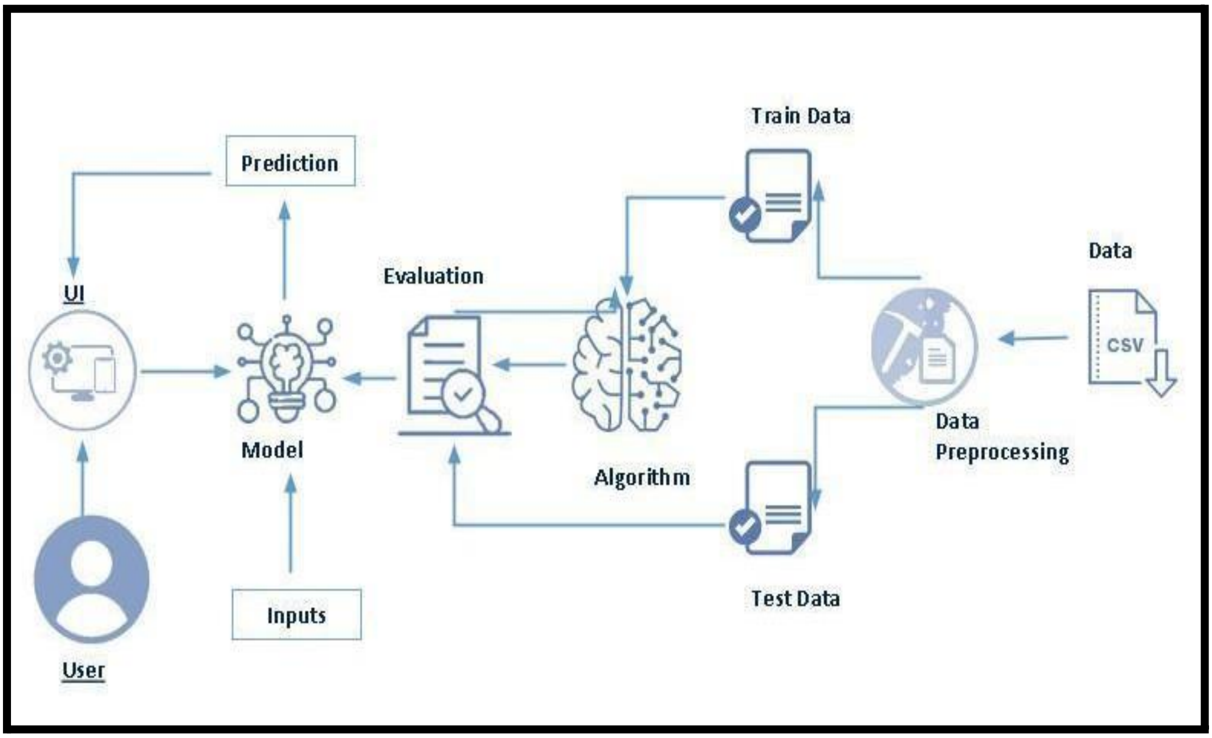
Online Payments Fraud Detection using ML

Project Description:

The growth in internet and e-commerce appears to involve the use of online credit/debit card transactions. The increase in the use of credit / debit cards is causing an increase in fraud. The frauds can be detected through various approaches, yet they lag in their accuracy and its own specific drawbacks. If there are any changes in the conduct of the transaction, the frauds are predicted and taken for further process. Due to large amount of data credit / debit card fraud detection problem is rectified by the proposed method

We will be using classification algorithms such as Decision tree, Random forest, svm, and Extra tree classifier, xgboost Classifier**.**We will train and test the data with these algorithms. From this the best model is selected and saved in pkl format. We will be doing flask integration and IBM deployment.

Technical Architecture:



Pre requisites:

To complete this project, you must required following software's, concepts and packages

- **Anaconda navigator and pycharm:**
- **Python packages:**
    - Open anaconda prompt as administrator
    - Type"pip install numpy"and click enter.
    - Type"pip install pandas"andclickenter.
    - Type"pip install scikit-learn"andclickenter.
    - Type"pip install matplotlib"andclickenter.
    - Type"pip install scipy"andclickenter.
    - Type"pip install pickle-mixin"andclickenter.
    - Type"pip install seaborn"andclickenter.
    - Type"pipinstallFlask"and click enter.

Prior Knowledge:

You must have prior knowledge of following topics to complete this project.

- **ML Concepts**
    - Supervised learning:
    - Unsupervised learning:
    - Regression and classification
    - Decision tree:
    - Random forest:

Project Objectives:

By the end of this project you will:

- Know fundamental concepts and techniques used for machine learning.
- Gain a broad understanding about data.
- Have knowledge on pre-processing the data/transformation techniques on outlier and some visualisation concepts.

Project Flow:

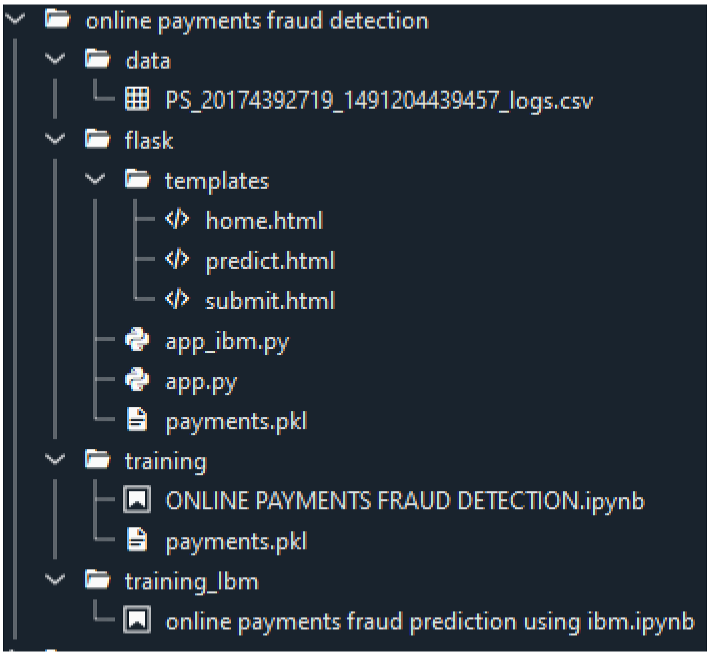
- User interacts with the UI to enter the input.
- Entered input is analysed by the model which is integrated.
- Once model analyses the input the prediction is showcased on the UI

To accomplish this, we have to complete all the activities listed below,

- Data collection
    - Collect the dataset or create the dataset
- Visualising and analysing data
    - Importing the libraries
    - Read the Dataset
    - Univariate analysis
    - Bivariate analysis
    - Descriptive analysis
- Data pre-processing
    - Checking for null values
    - Handling outlier
    - Handling categorical(object) data
    - Splitting data into train and test
- Model building
    - Import the model building libraries
    - Initialising the model
    - Training and testing the model
    - Evaluating performance of model
    - Save the model
- Application Building
    - Create an HTML file
    - Build python code

Project Structure:

Create the Project folder which contains files as shown below



- We are building a flask application which needs HTML pages stored in the templates folder and a python script app.py for scripting.
- Model.pkl is our saved model. Further we will use this model for flask integration.
- Training folder contains model training files and the training_ibm folder contains IBM deployment files.

Milestone 1: Data Collection

ML depends heavily on data. It is the most crucial aspect that makes algorithm training possible. So, this section allows you to download the required dataset.

Collect the dataset or create the dataset or Download the dataset:

There are many popular open sources for collecting the data. Eg: kaggle.com, UCI repository, etc.

In this project we have used PS_20174392719_1491204439457_logs.csv data. This data is downloaded from kaggle.com.

Milestone 2: Visualising and analysing data

As the dataset is downloaded. Let us read and understand the data properly with the help of some visualisation techniques and some analysing techniques.

Note: There are a number of techniques for understanding the data. But here we have used some of it. In an additional way, you can use multiple techniques.

Activity 1: Importing the libraries

Import the necessary libraries as shown in the image. (optional) Here we have used visualisation style as five thirty eight.

Importing Libraries¶

```
import numpy as np
import pandas as pd
import matplotlib.pyplot as plt
import seaborn as sns
from scipy import stats
from sklearn.preprocessing import LabelEncoder
from sklearn.model_selection import train_test_split
from sklearn.ensemble import RandomForestClassifier
from sklearn.metrics import accuracy_score
from sklearn.tree import DecisionTreeClassifier
from sklearn.ensemble import ExtraTreesClassifier
from sklearn.svm import SVC
import xgboost as xgb
from sklearn.metrics import f1_score
from sklearn.metrics import classification_report, confusion_matrix
import warnings
import pickle
```

Activity 2: Read the Dataset

Our dataset format might be in .csv, excel files, .txt, .json, etc. We can read the dataset with the help of pandas.

In pandas we have a function called read_csv() to read the dataset. As a parameter we have to give the directory of the csv file.

```python
# Reading the csv data
df = pd.read_csv(r'C:\Users\user\Desktop\PS_20174392719_1491204439457_logs.csv')
```

```python
df
```

	step	type	amount	nameOrig	oldbalanceOrg	newbalanceOrig	nameDest	oldbalanceDest	newbalanceDest	isFraud	isFlaggedFraud
0	1	PAYMENT	9839.64	C1231006815	170136.00	160296.36	M1979787155	0.00	0.00	0	0
1	1	PAYMENT	1864.28	C1666544295	21249.00	19384.72	M2044282225	0.00	0.00	0	0
2	1	PAYMENT	11668.14	C2048537720	41554.00	29885.86	M1230701703	0.00	0.00	0	0
3	1	PAYMENT	7817.71	C90045638	53860.00	46042.29	M573487274	0.00	0.00	0	0
4	1	PAYMENT	7107.77	C154988899	183195.00	176087.23	M408069119	0.00	0.00	0	0
...	...	...	...	...	...	...	...	...	...	...	...
2425	95	CASH_OUT	56745.14	C526144262	56745.14	0.00	C79051264	51433.88	108179.02	1	0
2426	95	TRANSFER	33676.59	C732111322	33676.59	0.00	C1140210295	0.00	0.00	1	0
2427	95	CASH_OUT	33676.59	C1000086512	33676.59	0.00	C1759363094	0.00	33676.59	1	0
2428	95	TRANSFER	87999.25	C927181710	87999.25	0.00	C757947873	0.00	0.00	1	0
2429	95	CASH_OUT	87999.25	C409531429	87999.25	0.00	C1827219533	0.00	87999.25	1	0

2430 rows × 11 columns

```python
df.columns
```

```
Index(['step', 'type', 'amount', 'nameOrig', 'oldbalanceOrg', 'newbalanceOrig',
       'nameDest', 'oldbalanceDest', 'newbalanceDest', 'isFraud',
       'isFlaggedFraud'],
      dtype='object')
```

Here, the input features in the dataset are known using the df.columns function.

```python
df.drop(['isFlaggedFraud'],axis = 1, inplace = True)
```

here, the dataset's superfluous columns are being removed using the drop method.

```python
df
```

	step	type	amount	nameOrig	oldbalanceOrg	newbalanceOrig	nameDest	oldbalanceDest	newbalanceDest	isFraud
0	1	PAYMENT	9839.64	C1231006815	170136.00	160296.36	M1979787155	0.00	0.00	0
1	1	PAYMENT	1864.28	C1666544295	21249.00	19384.72	M2044282225	0.00	0.00	0
2	1	PAYMENT	11668.14	C2048537720	41554.00	29885.86	M1230701703	0.00	0.00	0
3	1	PAYMENT	7817.71	C90045638	53860.00	46042.29	M573487274	0.00	0.00	0
4	1	PAYMENT	7107.77	C154988899	183195.00	176087.23	M408069119	0.00	0.00	0
...	...	...	...	...	...	...	...	...	...	...
2425	95	CASH_OUT	56745.14	C526144262	56745.14	0.00	C79051264	51433.88	108179.02	1
2426	95	TRANSFER	33676.59	C732111322	33676.59	0.00	C1140210295	0.00	0.00	1
2427	95	CASH_OUT	33676.59	C1000086512	33676.59	0.00	C1759363094	0.00	33676.59	1
2428	95	TRANSFER	87999.25	C927181710	87999.25	0.00	C757947873	0.00	0.00	1
2429	95	CASH_OUT	87999.25	C409531429	87999.25	0.00	C1827219533	0.00	87999.25	1

2430 rows × 10 columns

About Dataset

The below column reference:

1. step: represents a unit of time where 1 step equals 1 hour
2. type: type of online transaction
3. amount: the amount of the transaction
4. nameOrig: customer starting the transaction
5. oldbalanceOrg: balance before the transaction
6. newbalanceOrig: balance after the transaction
7. nameDest: recipient of the transaction
8. oldbalanceDest: initial balance of recipient before the transaction
9. newbalanceDest: the new balance of recipient after the transaction
10. isFraud: fraud transaction

```
df.head()
```

	step	type	amount	nameOrig	oldbalanceOrg	newbalanceOrig	nameDest	oldbalanceDest	newbalanceDest	isFraud
0	1	PAYMENT	9839.64	C1231006815	170136.0	160296.36	M1979787155	0.0	0.0	0
1	1	PAYMENT	1864.28	C1666544295	21249.0	19384.72	M2044282225	0.0	0.0	0
2	1	PAYMENT	11668.14	C2048537720	41554.0	29885.86	M1230701703	0.0	0.0	0
3	1	PAYMENT	7817.71	C90045638	53860.0	46042.29	M573487274	0.0	0.0	0
4	1	PAYMENT	7107.77	C154988899	183195.0	176087.23	M408069119	0.0	0.0	0

above, the dataset's first five values are loaded using the head method.

```
df.tail()
```

	step	type	amount	nameOrig	oldbalanceOrg	newbalanceOrig	nameDest	oldbalanceDest	newbalanceDest	isFraud
2425	95	CASH_OUT	56745.14	C526144262	56745.14	0.0	C79051264	51433.88	108179.02	1
2426	95	TRANSFER	33676.59	C732111322	33676.59	0.0	C1140210295	0.00	0.00	1
2427	95	CASH_OUT	33676.59	C1000086512	33676.59	0.0	C1759363094	0.00	33676.59	1
2428	95	TRANSFER	87999.25	C927181710	87999.25	0.0	C757947873	0.00	0.00	1
2429	95	CASH_OUT	87999.25	C409531429	87999.25	0.0	C1827219533	0.00	87999.25	1

above, the dataset's last five values are loaded using the tail method.

```
plt.style.use('ggplot')
warnings.filterwarnings('ignore')
```

utilising Style use here The Ggplot approach Setting "styles"—basically stylesheets that resemble matplotlibrc files—is a fundamental feature of mpltools. The "ggplot" style, which modifies the style to resemble ggplot, is demonstrated in this dataset.

```
# checking for correlation
df.corr()
```

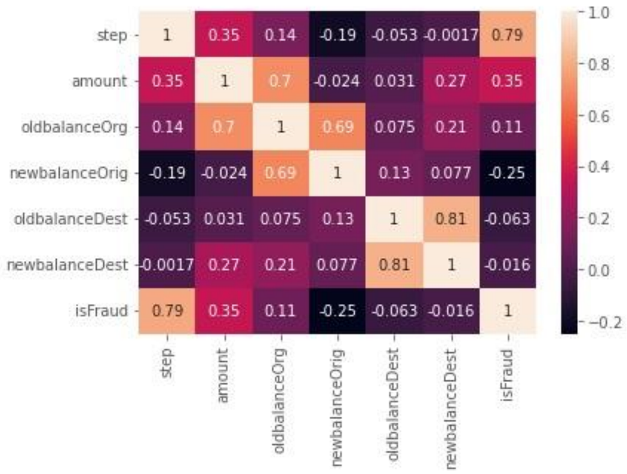
	step	amount	oldbalanceOrg	newbalanceOrig	oldbalanceDest	newbalanceDest	isFraud
step	1.000000	0.352348	0.139868	-0.194391	-0.053366	-0.001745	0.788370
amount	0.352348	1.000000	0.703566	-0.023694	0.030711	0.274788	0.354960
oldbalanceOrg	0.139868	0.703566	1.000000	0.685439	0.075271	0.212087	0.105713
newbalanceOrig	-0.194391	-0.023694	0.685439	1.000000	0.127352	0.077034	-0.250987
oldbalanceDest	-0.053366	0.030711	0.075271	0.127352	1.000000	0.811400	-0.063175
newbalanceDest	-0.001745	0.274788	0.212087	0.077034	0.811400	1.000000	-0.015916
isFraud	0.788370	0.354960	0.105713	-0.250987	-0.063175	-0.015916	1.000000

utilising the Corr function to examine the dataset's correlation

Heatmap

```
sns.heatmap(df.corr(),annot=True)
```

<AxesSubplot:>



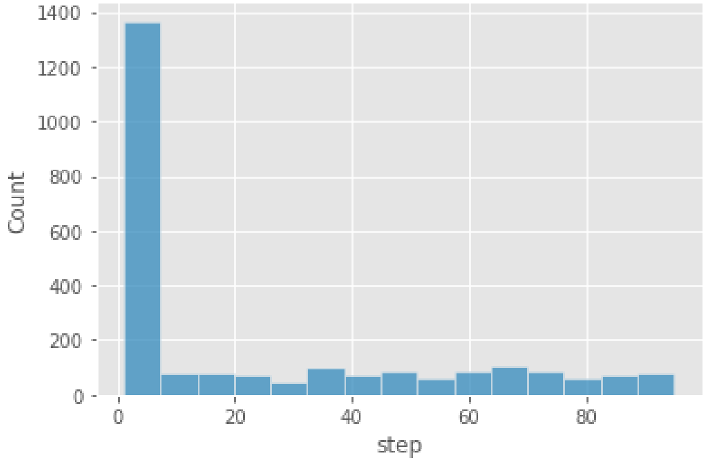
Here, a heatmap is used to understand the relationship between the input attributes and the anticipated goal value.

Activity 3: Univariate analysis

In simple words, univariate analysis is understanding the data with a single feature. Here I have displayed the graph such as histplot .

```
#step
sns.histplot(data=df,x='step')
```

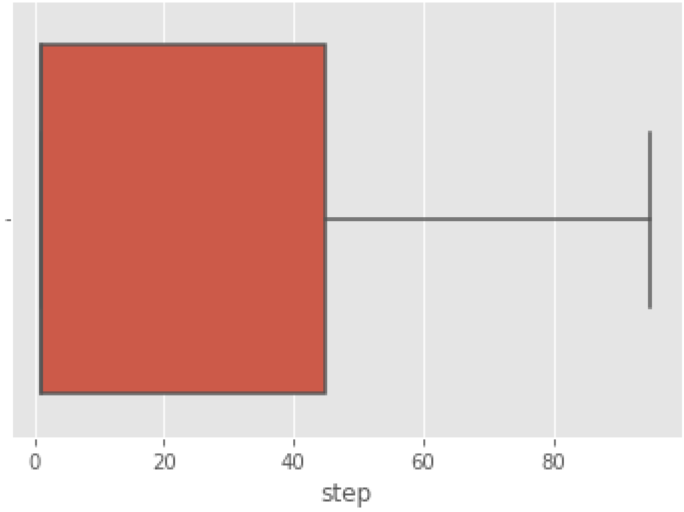
```
<AxesSubplot:xlabel='step', ylabel='Count'>
```



The distribution of one or more variables is represented by a histogram, a traditional visualisation tool, by counting the number of observations that fall within.

```
sns.boxplot(data=df,x='step')
```

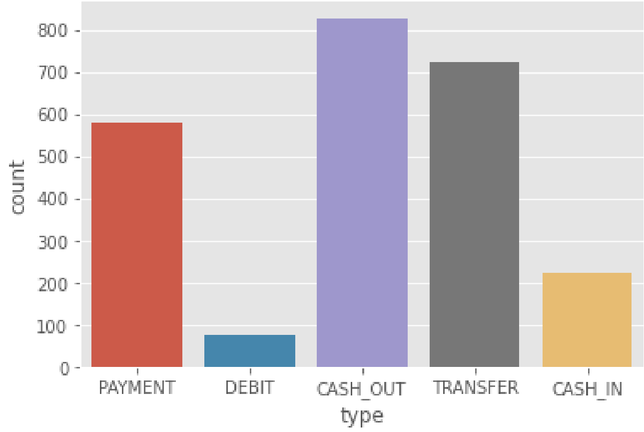
```
<AxesSubplot:xlabel='step'>
```



Here, the relationship between the step attribute and the boxplot is visualised.

```
#type
sns.countplot(data=df,x='type')
```

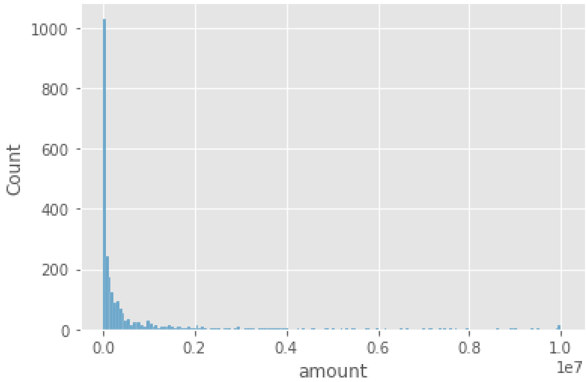
```
<AxesSubplot:xlabel='type', ylabel='count'>
```



Here, the counts of observations in the type attribute of the dataset will be displayed using a countplot.

```
#amount
sns.histplot(data=df,x='amount')
```

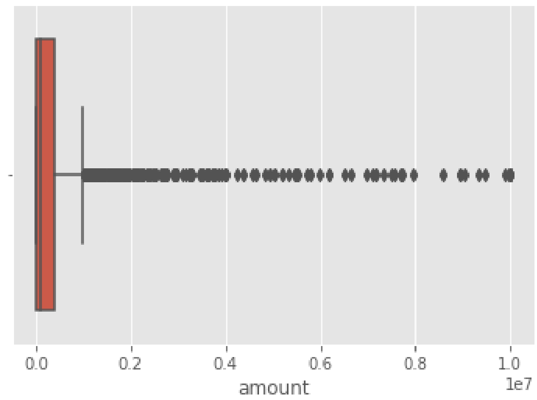
```
<AxesSubplot:xlabel='amount', ylabel='Count'>
```



By creating bins along the data's range and then drawing bars to reflect the number of observations that fall within the amount attribute in the dataset.

```
#amount
sns.boxplot(data=df,x='amount')
```

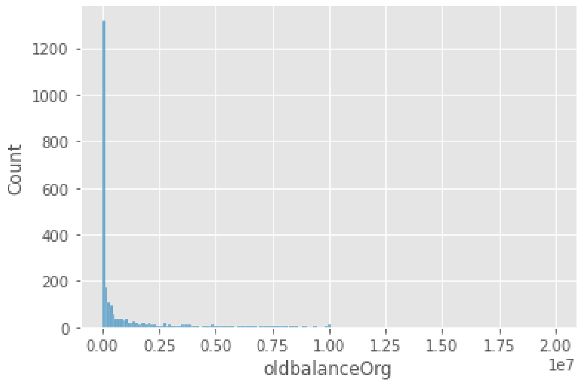
<AxesSubplot:xlabel='amount'>



Here, the relationship between the amount attribute and the boxplot is visualised.

```
#oldbalanceOrg
sns.histplot(data=df,x='oldbalanceOrg')
```

<AxesSubplot:xlabel='oldbalanceOrg', ylabel='Count'>



By creating bins along the data's range and then drawing bars to reflect the number of observations that fall within the oldbalanceOrg attribute in the dataset.

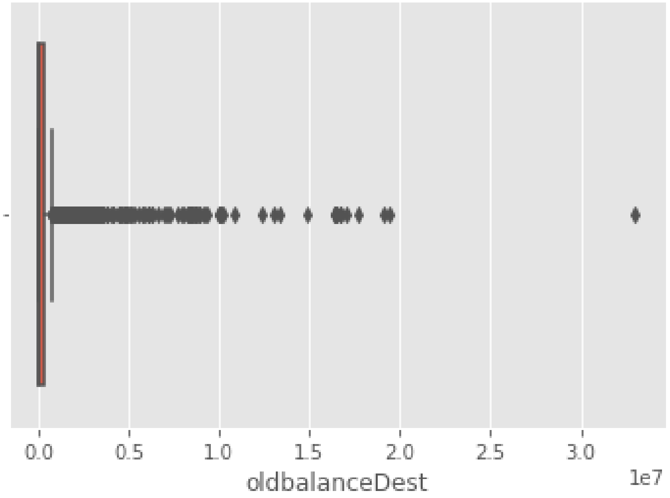
```
#nameDest
df['nameDest'].value_counts()
```

```
C1590550415    25
C985934102     22
C564160838     19
C451111351     17
C1023714065    15
               ..
M1113829504     1
M936219350      1
M178401052      1
M1888639813     1
C757947873      1
Name: nameDest, Length: 1870, dtype: int64
```

utilising the value counts() function here to determine how many times the nameDest column appears.

```
#oldbalanceDest
sns.boxplot(data=df,x='oldbalanceDest')
```

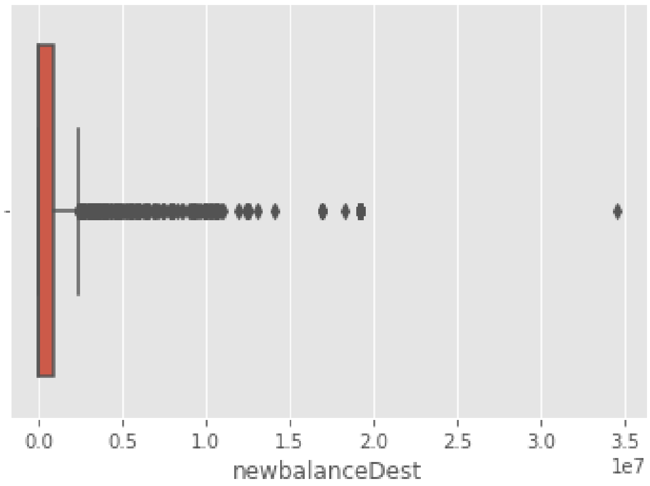
```
<AxesSubplot:xlabel='oldbalanceDest'>
```



Here, the relationship between the oldbalanceDest attribute and the boxplot is visualised.

```
#newbalanceDest
sns.boxplot(data=df,x='newbalanceDest')
```

```
<AxesSubplot:xlabel='newbalanceDest'>
```



Here, the relationship between the newbalanceDest attribute and the boxplot is visualised.

```
#isFraud:
sns.countplot(data=df,x='isFraud')
```

```
<AxesSubplot:xlabel='isFraud', ylabel='count'>
```

using the countplot approach here to count the number of instances in the dataset's target isFraud column.

```python
df['isFraud'].value_counts()
```

```
0    1288
1    1142
Name: isFraud, dtype: int64
```

Here, we're using the value counts method to figure out how many classes there are in the dataset's target isFraud column.

```python
df.loc[df['isFraud']==0,'isFraud'] = 'is not Fraud'
df.loc[df['isFraud']==1,'isFraud'] = 'is Fraud'
```

```python
df
```

	step	type	amount	nameOrig	oldbalanceOrg	newbalanceOrig	nameDest	oldbalanceDest	newbalanceDest	isFraud
0	1	PAYMENT	9839.64	C1231006815	170136.00	160296.36	M1979787155	0.00	0.00	is not Fraud
1	1	PAYMENT	1864.28	C1666544295	21249.00	19384.72	M2044282225	0.00	0.00	is not Fraud
2	1	PAYMENT	11668.14	C2048537720	41554.00	29885.86	M1230701703	0.00	0.00	is not Fraud
3	1	PAYMENT	7817.71	C90045638	53860.00	46042.29	M573487274	0.00	0.00	is not Fraud
4	1	PAYMENT	7107.77	C154988899	183195.00	176087.23	M408069119	0.00	0.00	is not Fraud
...	...	...	...	...	...	...	...	...	...	...
2425	95	CASH_OUT	56745.14	C526144262	56745.14	0.00	C79051264	51433.88	108179.02	is Fraud
2426	95	TRANSFER	33676.59	C732111322	33676.59	0.00	C1140210295	0.00	0.00	is Fraud
2427	95	CASH_OUT	33676.59	C1000086512	33676.59	0.00	C1759363094	0.00	33676.59	is Fraud
2428	95	TRANSFER	87999.25	C927181710	87999.25	0.00	C757947873	0.00	0.00	is Fraud
2429	95	CASH_OUT	87999.25	C409531429	87999.25	0.00	C1827219533	0.00	87999.25	is Fraud

2430 rows × 10 columns

converting 0-means: is not fraud and 1-means: is fraud using the loc technique here

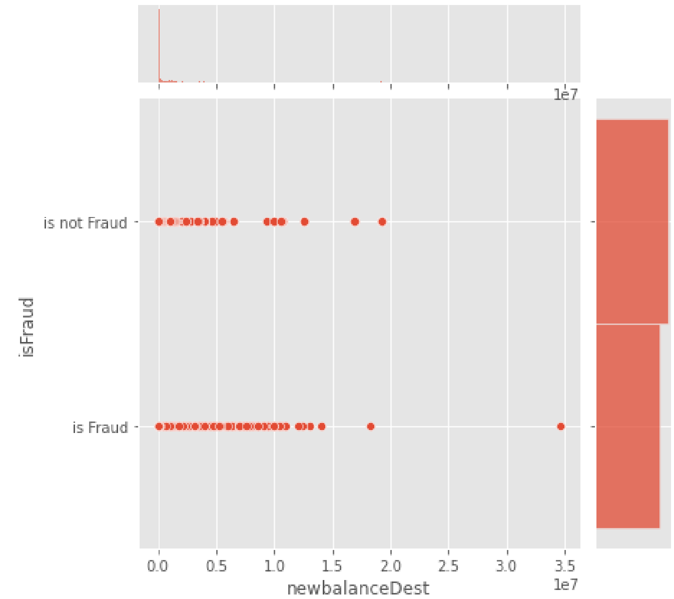
Activity 4: Bivariate analysis

To find the relation between two features we use bivariate analysis. Here we are visualising the relationship between newbalanceDest and isFraud.

jointplot is used here. As a 1^{st} parameter we are passing x value and as a 2^{nd} parameter we are passing hue value.

```
sns.jointplot(data=df,x='newbalanceDest',y='isFraud')
```

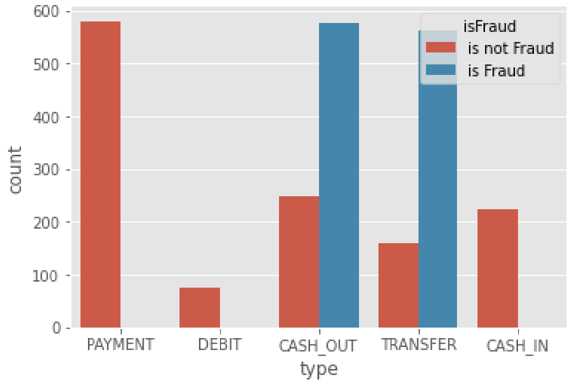
<seaborn.axisgrid.JointGrid at 0x15ee667b220>



Here we are visualising the relationship between type and isFraud.countplot is used here. As a 1st parameter we are passing x value and as a 2nd parameter we are passing hue value.

```
sns.countplot(data=df,x='type',hue='isFraud')
```

<AxesSubplot:xlabel='type', ylabel='count'>



Here we are visualising the relationship between isFraud and step.boxtplot is used here. As a 1st parameter we are passing x value and as a 2nd parameter we are passing hue value.

```
sns.boxplot(data=df,x='isFraud',y='step')
```

<AxesSubplot:xlabel='isFraud', ylabel='step'>

Here we are visualising the relationship between isFraud and amount.boxtplot is used here. As a 1st parameter we are passing x value and as a 2nd parameter we are passing hue value.

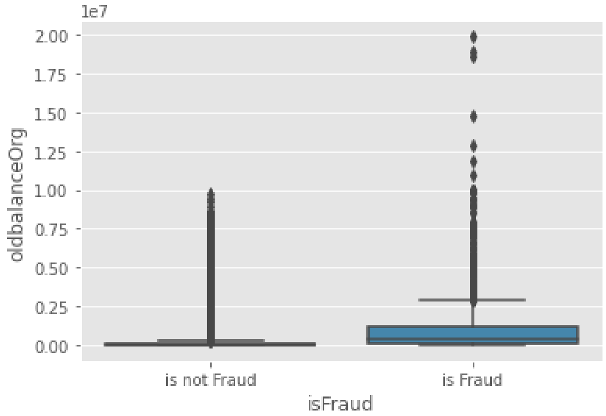
```
sns.boxplot(data=df,x='isFraud',y='amount')
```

<AxesSubplot:xlabel='isFraud', ylabel='amount'>

Here we are visualising the relationship between isFraud and oldbalanceOrg. boxtplot is used here. As a 1st parameter we are passing x value and as a 2nd parameter we are passing hue value.

```
sns.boxplot(data=df,x='isFraud',y='oldbalanceOrg')
```

```
<AxesSubplot:xlabel='isFraud', ylabel='oldbalanceOrg'>
```



Here we are visualising the relationship between isFraud and newbalanceOrig. boxtplot is used here. As a 1st parameter we are passing x value and as a 2nd parameter we are passing hue value.

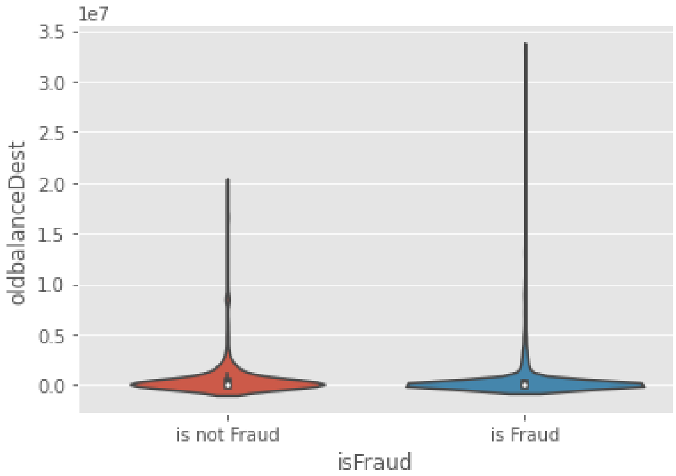
```
sns.boxplot(data=df,x='isFraud',y='newbalanceOrig')
```

```
<AxesSubplot:xlabel='isFraud', ylabel='newbalanceOrig'>
```

Here we are visualising the relationship between isFraud and oldbalanceDest. violinplot is used here. As a 1st parameter we are passing x value and as a 2nd parameter we are passing hue value.

```
sns.violinplot(data=df,x='isFraud',y='oldbalanceDest')
```

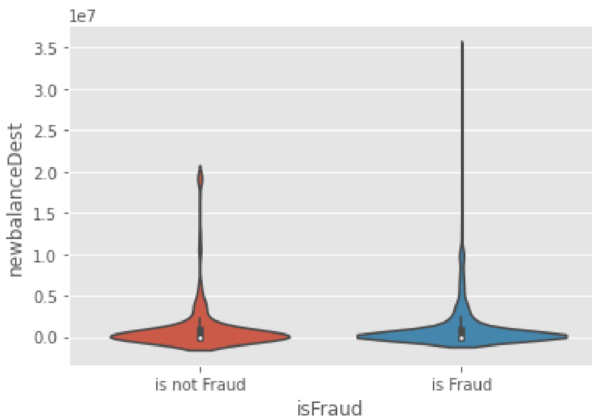
```
<AxesSubplot:xlabel='isFraud', ylabel='oldbalanceDest'>
```



Here we are visualising the relationship between isFraud and newbalanceDest. violinplot is used here. As a 1st parameter we are passing x value and as a 2nd parameter we are passing hue value.

```
sns.violinplot(data=df,x='isFraud',y='newbalanceDest')
```

```
<AxesSubplot:xlabel='isFraud', ylabel='newbalanceDest'>
```



Activity 5: Descriptive analysis

Descriptive analysis is to study the basic features of data with the statistical process. Here pandas has a worthy function called describe. With this describe function we can understand the unique, top and frequent values of categorical features. And we can find mean, std, min, max and percentile values of continuous features.

```
df.describe(include='all')
```

	step	type	amount	nameOrig	oldbalanceOrg	newbalanceOrig	nameDest	oldbalanceDest	newbalanceDest	isFraud
count	2430.000000	2430	2.430000e+03	2430	2.430000e+03	2.430000e+03	2430	2.430000e+03	2.430000e+03	2430
unique	NaN	5	NaN	2430	NaN	NaN	1870	NaN	NaN	2
top	NaN	CASH_OUT	NaN	C1231006815	NaN	NaN	C1590550415	NaN	NaN	is not Fraud
freq	NaN	827	NaN	1	NaN	NaN	25	NaN	NaN	1288
mean	23.216049	NaN	6.258361e+05	NaN	9.849040e+05	4.392755e+05	NaN	5.797246e+05	1.127075e+06	NaN
std	29.933036	NaN	1.503866e+06	NaN	2.082361e+06	1.520978e+06	NaN	1.891192e+06	2.907401e+06	NaN
min	1.000000	NaN	8.730000e+00	NaN	0.000000e+00	0.000000e+00	NaN	0.000000e+00	0.000000e+00	NaN
25%	1.000000	NaN	9.018493e+03	NaN	8.679630e+03	0.000000e+00	NaN	0.000000e+00	0.000000e+00	NaN
50%	1.000000	NaN	1.058692e+05	NaN	8.096250e+04	0.000000e+00	NaN	0.000000e+00	0.000000e+00	NaN
75%	45.000000	NaN	4.096098e+05	NaN	7.606258e+05	1.247804e+04	NaN	3.096195e+05	9.658701e+05	NaN
max	95.000000	NaN	1.000000e+07	NaN	1.990000e+07	9.987287e+06	NaN	3.300000e+07	3.460000e+07	NaN

Milestone 3: Data Pre-processing

As we have understood how the data is, let's pre-process the collected data.

The download data set is not suitable for training the machine learning model as it might have so much randomness so we need to clean the dataset properly in order to fetch good results. This activity includes the following steps.

Handling missing values

Handling Object data label encoding

Splitting dataset into training and test set

Note: These are the general steps of pre-processing the data before using it for machine learning. Depending on the condition of your dataset, you may or may not have to go through all these steps.

```
# Shape of csv data
df.shape
```

```
(2430, 10)
```

Here, I'm using the shape approach to figure out how big my dataset is

```
df.drop(['nameOrig','nameDest'],axis=1,inplace=True)
df.columns
```

```
Index(['step', 'type', 'amount', 'oldbalanceOrg', 'newbalanceOrig',
       'oldbalanceDest', 'newbalanceDest', 'isFraud'],
      dtype='object')
```

```
df.head()
```

	step	type	amount	oldbalanceOrg	newbalanceOrig	oldbalanceDest	newbalanceDest	isFraud
0	1	PAYMENT	9.194174	170136.0	160296.36	0.0	0.0	is not Fraud
1	1	PAYMENT	7.530630	21249.0	19384.72	0.0	0.0	is not Fraud
2	1	PAYMENT	9.364617	41554.0	29885.86	0.0	0.0	is not Fraud
3	1	PAYMENT	8.964147	53860.0	46042.29	0.0	0.0	is not Fraud
4	1	PAYMENT	8.868944	183195.0	176087.23	0.0	0.0	is not Fraud

here, the dataset's superfluous columns (nameOrig,nameDest) are being removed using the drop method.

Activity 1: Checking for null values

Isnull is used (). sum() to check your database for null values. Using the df.info() function, the data type can be determined.

```
# Finding null values
df.isnull().sum()
```

```
step              0
type              0
amount            0
oldbalanceOrg     0
newbalanceOrig    0
oldbalanceDest    0
newbalanceDest    0
isFraud           0
dtype: int64
```

For checking the null values, data.isnull() function is used. To sum those null values we use the .sum() function to it. From the above image we found that there are no null values present in our dataset.So we can skip handling of missing values step.

```
df.info()
```

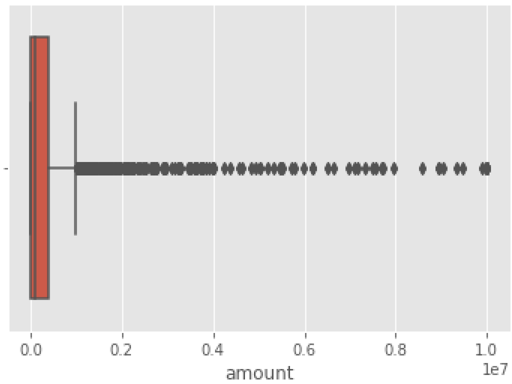
```
<class 'pandas.core.frame.DataFrame'>
RangeIndex: 2430 entries, 0 to 2429
Data columns (total 8 columns):
 #   Column          Non-Null Count  Dtype  
---  ------          --------------  -----  
 0   step            2430 non-null   int64  
 1   type            2430 non-null   object 
 2   amount          2430 non-null   float64
 3   oldbalanceOrg   2430 non-null   float64
 4   newbalanceOrig  2430 non-null   float64
 5   oldbalanceDest  2430 non-null   float64
 6   newbalanceDest  2430 non-null   float64
 7   isFraud         2430 non-null   object 
dtypes: float64(5), int64(1), object(2)
memory usage: 152.0+ KB
```

determining the types of each attribute in the dataset using the info() function

Activity 2: Handling outliers

```
sns.boxplot(df['amount'])
```

```
<AxesSubplot:xlabel='amount'>
```



Here, a boxplot is used to identify outliers in the dataset's amount attribute.

Remove the Outliers

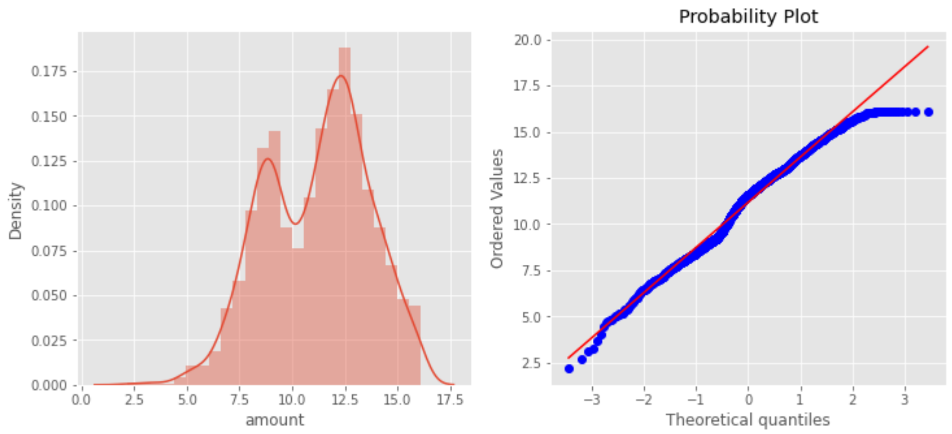
```
from scipy import stats
print(stats.mode(df['amount']))
print(np.mean(df['amount']))
```

```
ModeResult(mode=array([10000000.]), count=array([14]))
625836.0974156366
```

```
q1 = np.quantile(df['amount'],0.25)
q3 = np.quantile(df['amount'],0.75)

IQR = q3-q1

upper_bound = q3+(1.5*IQR)
lower_bound = q1-(1.5*IQR)

print('q1 :',q1)
print('q3 :',q3)
print('IQR :',IQR)
print('Upper Bound :',upper_bound)
print('Lower Bound :',lower_bound)
print('Skewed data :',len(df[df['amount']>upper_bound]))
print('Skewed data :',len(df[df['amount']<lower_bound]))
```

```
# To handle outliers transformation techniques are used.

def transformationPlot(feature):
    plt.figure(figsize=(12,5))
    plt.subplot(1,2,1)
    sns.distplot(feature)
    plt.subplot(1,2,2)
    stats.probplot(feature,plot=plt)
```

```
transformationPlot(np.log(df['amount']))
```




```
df['amount']=np.log(df['amount'])
```

Here, transformationPlot is used to plot the dataset's outliers for the amount property.

Activity 3: Object data labelencoding

```
from sklearn.preprocessing import LabelEncoder

la = LabelEncoder()
df['type'] = la.fit_transform(df['type'])
```

```
df['type'].value_counts()
```

```
1    827
4    724
3    580
0    224
2     75
Name: type, dtype: int64
```

using labelencoder to encode the dataset's object type

dividing the dataset into dependent and independent y and x respectively

```
x = df.drop('isFraud',axis=1)
y = df['isFraud']
```

```
x
```

	step	type	amount	oldbalanceOrg	newbalanceOrig	oldbalanceDest	newbalanceDest
0	1	3	9.194174	170136.00	160296.36	0.00	0.00
1	1	3	7.530630	21249.00	19384.72	0.00	0.00
2	1	3	9.364617	41554.00	29885.86	0.00	0.00
3	1	3	8.964147	53860.00	46042.29	0.00	0.00
4	1	3	8.868944	183195.00	176087.23	0.00	0.00
...	...	...	...	...	...	...	...
2425	95	1	10.946325	56745.14	0.00	51433.88	108179.02
2426	95	4	10.424558	33676.59	0.00	0.00	0.00
2427	95	1	10.424558	33676.59	0.00	0.00	33676.59
2428	95	4	11.385084	87999.25	0.00	0.00	0.00
2429	95	1	11.385084	87999.25	0.00	0.00	87999.25

2430 rows × 7 columns

```
y
```

```
0       is not Fraud
1       is not Fraud
2       is not Fraud
3       is not Fraud
4       is not Fraud
            ...
2425        is Fraud
2426        is Fraud
2427        is Fraud
2428        is Fraud
2429        is Fraud
Name: isFraud, Length: 2430, dtype: object
```

Activity 4: Splitting data into train and test

Now let’s split the Dataset into train and test setsChanges: first split the dataset into x and y and then split the data set.

Here x and y variables are created. On x variable, df is passed with dropping the target variable. And my target variable is passed. For splitting training and testing data we are using the train_test_split() function from sklearn. As parameters, we are passing x, y, test_size, random_state.

Train test split¶

```
from sklearn.model_selection import train_test_split

x_train,x_test,y_train,y_test=train_test_split(x,y,random_state=0,test_size=0.2)
```

```
print(x_train.shape)
print(x_test.shape)
print(y_test.shape)
print(y_train.shape)
```

```
(1944, 7)
(486, 7)
(486,)
(1944,)
```

Milestone 4: Model Building

Now our data is cleaned and it’s time to build the model. We can train our data on different algorithms. For this project we are applying four classification algorithms. The best model is saved based on its performance.

Activity 1: Random Forest classifier

A function named RandomForest is created and train and test data are passed as the parameters. Inside the function, the RandomForestClassifier algorithm is initialised and training data is passed to the model with the .fit() function. Test data is predicted with .predict() function and saved in a new variable. For evaluating the model, a confusion matrix and classification report is done.

1.Random Forest classifier¶

```
from sklearn.ensemble import RandomForestClassifier
from sklearn.metrics import accuracy_score
rfc=RandomForestClassifier()
rfc.fit(x_train,y_train)

y_test_predict1=rfc.predict(x_test)
test_accuracy=accuracy_score(y_test,y_test_predict1)
test_accuracy
```

```
0.9958847736625515
```

```
y_train_predict1=rfc.predict(x_train)
train_accuracy=accuracy_score(y_train,y_train_predict1)
train_accuracy
```

```
1.0
```

```
pd.crosstab(y_test,y_test_predict1)
```

col_0	is Fraud	is not Fraud
isFraud		
is Fraud	232	2
is not Fraud	0	252

```
print(classification_report(y_test,y_test_predict1))
```

```
              precision    recall  f1-score   support

    is Fraud       1.00      0.99      1.00       234
is not Fraud       0.99      1.00      1.00       252

    accuracy                           1.00       486
   macro avg       1.00      1.00      1.00       486
weighted avg       1.00      1.00      1.00       486
```

Activity 2: Decision tree Classifier

A function named Decisiontree is created and train and test data are passed as the parameters. Inside the function, the DecisiontreeClassifier algorithm is initialised and training data is passed to the model with the .fit() function. Test data is predicted with the .predict() function and saved in a new variable. For evaluating the model, a confusion matrix and classification report is done.

```
from sklearn.tree import DecisionTreeClassifier
dtc=DecisionTreeClassifier()
dtc.fit(x_train, y_train)

y_test_predict2=dtc.predict(x_test)
test_accuracy=accuracy_score(y_test,y_test_predict2)
test_accuracy
```

```
0.9917695473251029
```

```
y_train_predict2=dtc.predict(x_train)
train_accuracy=accuracy_score(y_train,y_train_predict2)
train_accuracy
```

```
1.0
```

```
pd.crosstab(y_test,y_test_predict2)
```

col_0 isFraud	is Fraud	is not Fraud
is Fraud	231	3
is not Fraud	1	251

```
print(classification_report(y_test,y_test_predict2))
```

```
              precision    recall  f1-score   support

    is Fraud       1.00      0.99      0.99       234
is not Fraud       0.99      1.00      0.99       252

    accuracy                           0.99       486
   macro avg       0.99      0.99      0.99       486
weighted avg       0.99      0.99      0.99       486
```

Activity 3: ExtraTrees Classifier

A function named ExtraTree is created and train and test data are passed as the parameters. Inside the function, ExtraTreeClassifier algorithm is initialised and training data is passed to the model with the .fit() function. Test data is predicted with .predict() function and saved in a new variable. For evaluating the model, a confusion matrix and classification report is done.

```python
from sklearn.ensemble import ExtraTreesClassifier
etc=ExtraTreesClassifier()
etc.fit(x_train,y_train)

y_test_predict3=etc.predict(x_test)
test_accuracy=accuracy_score(y_test,y_test_predict3)
test_accuracy
```

```
0.9938271604938271
```

```python
y_train_predict3=etc.predict(x_train)
train_accuracy=accuracy_score(y_train,y_train_predict3)
train_accuracy
```

```
1.0
```

```python
pd.crosstab(y_test,y_test_predict3)
```

col_0	is Fraud	is not Fraud
isFraud		
is Fraud	231	3
is not Fraud	0	252

```python
print(classification_report(y_test,y_test_predict3))
```

```
              precision    recall  f1-score   support

    is Fraud       1.00      0.99      0.99       234
is not Fraud       0.99      1.00      0.99       252

    accuracy                           0.99       486
   macro avg       0.99      0.99      0.99       486
weighted avg       0.99      0.99      0.99       486
```

Activity 4: SupportVectorMachine Classifier

A function named SupportVector is created and train and test data are passed as the parameters. Inside the function, the SupportVectorClassifier algorithm is initialised and training data is passed to the model with the .fit() function. Test data is predicted with .predict() function and saved in a new variable. For evaluating the model, confusion matrix and classification report is done

```python
from sklearn.svm import SVC
from sklearn.metrics import accuracy_score
svc= SVC()
svc.fit(x_train,y_train)
y_test_predict4=svc.predict(x_test)
test_accuracy=accuracy_score(y_test,y_test_predict4)
test_accuracy
```

```
0.7901234567901234
```

```python
y_train_predict4=svc.predict(x_train)
train_accuracy=accuracy_score(y_train,y_train_predict4)
train_accuracy
```

```
0.8009259259259259
```

```python
pd.crosstab(y_test,y_test_predict4)
```

col_0 isFraud	is Fraud	is not Fraud
is Fraud	132	102
is not Fraud	0	252

```python
from sklearn.metrics import classification_report,confusion_matrix
print(classification_report(y_test,y_test_predict4))
```

```
              precision    recall  f1-score   support

    is Fraud       1.00      0.56      0.72       234
is not Fraud       0.71      1.00      0.83       252

    accuracy                           0.79       486
   macro avg       0.86      0.78      0.78       486
weighted avg       0.85      0.79      0.78       486
```

```python
df.columns
```

```
Index(['step', 'type', 'amount', 'oldbalanceOrg', 'newbalanceOrig',
       'oldbalanceDest', 'newbalanceDest', 'isFraud'],
      dtype='object')
```

```python
from sklearn.preprocessing import LabelEncoder

la = LabelEncoder()
y_train1 = la.fit_transform(y_train)
```

```python
y_test1=la.transform(y_test)
```

preprocessing class of sklearn. LabelEncoder[source] 0 to n classes-1 as the range for the target labels to be encoded. Instead of encoding the input X, the target values, i.e. y, should be encoded using this transformer.

```
y_test1=la.transform(y_test)
```

```
y_test1
```

```
array([0, 0, 0, 1, 1, 1, 1, 0, 0, 0, 0, 0, 0, 0, 0, 1, 1, 0, 0, 1, 0, 1,
       0, 1, 1, 0, 1, 0, 1, 0, 1, 1, 1, 1, 1, 0, 1, 0, 1, 0, 1, 1, 0, 0,
       0, 0, 1, 1, 0, 0, 1, 1, 0, 1, 1, 0, 0, 0, 0, 0, 1, 0, 0, 1, 0, 0,
       0, 1, 1, 0, 1, 1, 0, 1, 1, 0, 1, 0, 1, 0, 1, 0, 1, 1, 0, 0, 0, 1,
       1, 1, 1, 1, 1, 0, 0, 0, 1, 0, 1, 1, 1, 1, 0, 0, 1, 0, 0, 1, 1, 0,
       1, 1, 0, 0, 1, 0, 0, 0, 1, 0, 1, 1, 1, 1, 1, 0, 1, 1, 1, 0, 1, 1,
       1, 0, 0, 1, 1, 0, 0, 1, 1, 0, 1, 0, 0, 1, 1, 1, 0, 1, 1, 0, 1, 1,
       1, 1, 0, 0, 1, 0, 1, 0, 1, 1, 1, 0, 0, 0, 0, 0, 0, 0, 1, 0, 0, 0,
       1, 1, 1, 1, 1, 0, 0, 0, 1, 0, 1, 1, 0, 1, 1, 1, 0, 0, 0, 1, 0, 1,
       0, 1, 0, 0, 1, 1, 1, 1, 0, 1, 1, 0, 0, 0, 1, 1, 1, 0, 1, 1, 0, 0,
       0, 1, 1, 0, 0, 0, 0, 0, 0, 1, 0, 0, 1, 1, 1, 0, 0, 1, 0, 1, 0, 0,
       1, 1, 1, 0, 0, 0, 0, 1, 0, 0, 1, 1, 0, 1, 1, 1, 1, 1, 0, 1, 1, 1,
       0, 1, 1, 1, 0, 1, 1, 1, 1, 1, 1, 1, 0, 0, 1, 1, 0, 0, 1, 1, 0, 1,
       1, 1, 1, 0, 1, 0, 0, 0, 0, 0, 1, 0, 0, 0, 1, 0, 1, 0, 0, 1, 1, 1,
       1, 0, 0, 1, 1, 1, 1, 0, 0, 1, 1, 0, 0, 0, 0, 1, 0, 0, 0, 0, 1, 1,
       0, 1, 1, 0, 0, 0, 1, 0, 1, 1, 1, 1, 1, 0, 1, 1, 0, 0, 0, 0, 0, 0,
       1, 0, 1, 1, 1, 1, 1, 0, 1, 1, 0, 1, 0, 1, 0, 0, 0, 0, 1, 0, 1, 1,
       1, 0, 1, 1, 1, 1, 0, 1, 0, 1, 1, 1, 0, 0, 0, 1, 0, 0, 0, 1, 0, 1,
       1, 0, 1, 0, 0, 1, 1, 0, 1, 0, 0, 0, 1, 0, 1, 0, 1, 1, 0, 1, 0, 0,
       0, 1, 1, 1, 1, 0, 0, 1, 1, 0, 1, 0, 1, 1, 0, 1, 0, 1, 1, 1, 0, 1,
       0, 0, 0, 0, 1, 0, 1, 1, 1, 0, 0, 0, 1, 0, 1, 0, 1, 1, 0, 1, 1, 0,
       0, 1, 1, 0, 1, 1, 1, 0, 1, 1, 1, 0, 1, 0, 0, 1, 0, 0, 0, 0, 0, 0,
       1, 1])
```

```
y_train1
```

```
array([0, 1, 0, ..., 1, 1, 0])
```

Activity 5: xgboost Classifier

A function named xgboost is created and train and test data are passed as the parameters. Inside the function, the xgboostClassifier algorithm is initialised and training data is passed to the model with the .fit() function. Test data is predicted with .predict() function and saved in a new variable. For evaluating the model, confusion matrix and classification report is done

```
import xgboost as xgb
xgb1 = xgb.XGBClassifier()
xgb1.fit(x_train, y_train1)

y_test_predict5=xgb1.predict(x_test)
test_accuracy=accuracy_score(y_test1,y_test_predict5)
test_accuracy
```

```
0.9979423868312757
```

```
y_train_predict5=xgb1.predict(x_train)
train_accuracy=accuracy_score(y_train1,y_train_predict5)
train_accuracy
```

```
1.0
```

```
pd.crosstab(y_test1,y_test_predict5)
```

col_0	0	1
row_0		
0	233	1
1	0	252

```
from sklearn.metrics import classification_report,confusion_matrix
print(classification_report(y_test1,y_test_predict5))
```

```
              precision    recall  f1-score   support

           0       1.00      1.00      1.00       234
           1       1.00      1.00      1.00       252

    accuracy                           1.00       486
   macro avg       1.00      1.00      1.00       486
weighted avg       1.00      1.00      1.00       486
```

Activity 6: Compare the model

For comparing the above four models, the compareModel function is defined.

After calling the function, the results of models are displayed as output. From the five models, the svc is performing well. From the below image, We can see the accuracy of the model is 79% accuracy. .

Compare Models

```
def compareModel():
    print("train accuracy for rfc",accuracy_score(y_train_predict1,y_train))
    print("test accuracy for rfc",accuracy_score(y_test_predict1,y_test))
    print("train accuracy for dtc",accuracy_score(y_train_predict2,y_train))
    print("test accuracy for dtc",accuracy_score(y_test_predict2,y_test))
    print("train accuracy for etc",accuracy_score(y_train_predict3,y_train))
    print("test accuracy for etc",accuracy_score(y_test_predict3,y_test))
    print("train accuracy for svc",accuracy_score(y_train_predict4,y_train))
    print("test accuracy for svcc",accuracy_score(y_test_predict4,y_test))
    print("train accuracy for xgb1",accuracy_score(y_train_predict5,y_train1))
    print("test accuracy for xgb1",accuracy_score(y_test_predict5,y_test1))
```

```
compareModel()
```

```
train accuracy for rfc 1.0
test accuracy for rfc 0.9958847736625515
train accuracy for dtc 1.0
test accuracy for dtc 0.9917695473251029
train accuracy for etc 1.0
test accuracy for etc 0.9938271604938271
train accuracy for svc 0.8009259259259259
test accuracy for svcc 0.7901234567901234
train accuracy for xgb1 1.0
test accuracy for xgb1 0.9979423868312757
```

Activity 7: Evaluating performance of the model and saving the model

From sklearn, accuracy_score is used to evaluate the score of the model. On the parameters, we have given svc (model name), x, y, cv (as 5 folds). Our model is performing well. So, we are saving the model is svc by pickle.dump().

```
from sklearn.svm import SVC
from sklearn.metrics import accuracy_score
svc= SVC()
svc.fit(x_train,y_train)
y_test_predict4=svc.predict(x_test)
test_accuracy=accuracy_score(y_test,y_test_predict4)
test_accuracy
```

```
0.7901234567901234
```

```
y_train_predict4=svc.predict(x_train)
train_accuracy=accuracy_score(y_train,y_train_predict4)
train_accuracy
```

```
0.8009259259259259
```

```
import pickle
pickle.dump(svc,open('payments.pkl','wb'))
```

Milestone 5: Application Building

In this section, we will be building a web application that is integrated to the model we built. A UI is provided for the uses where he has to enter the values for predictions. The enter values are given to the saved model and prediction is showcased on the UI.

This section has the following tasks

Building HTML Pages

Building server side script

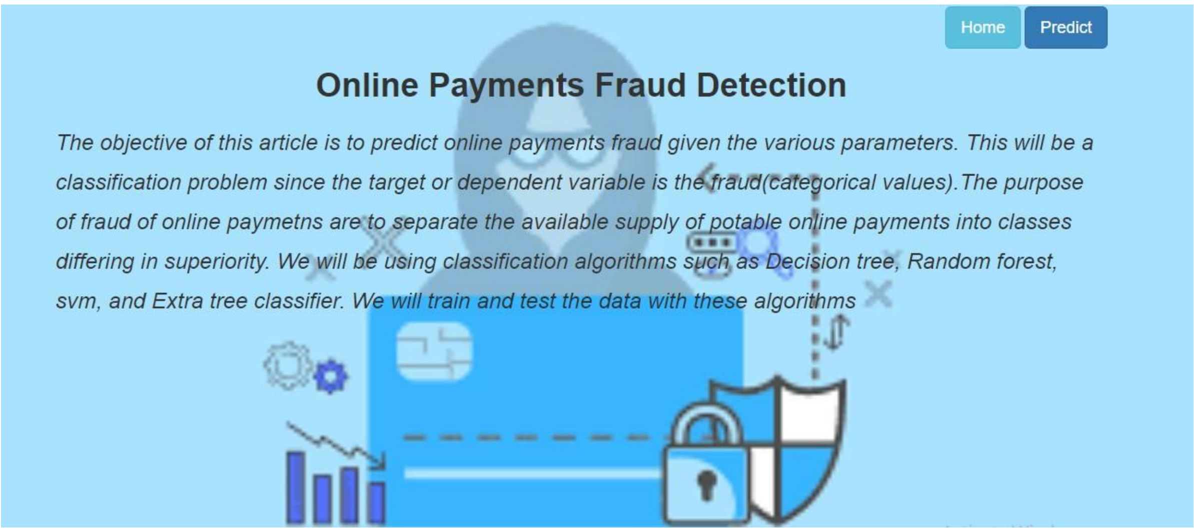
Activity1: Building Html Pages:

For this project create three HTML files namely

- home.html
- predict.html
- submit.html

and save them in the templates folder.

Let’s see how our home.html page looks like:



Now when you click on predict button from top right corner you will get redirected to predict.html

Let's look how our predict.html file looks like:

Now when you click on submit button from left bottom corner you will get redirected to submit.html

Let's look how our submit.html file looks like:

Activity 2: Build Python code:

Import the libraries

```
from flask import Flask, render_template, request
import numpy as np
import pickle
import pandas as pd

model = pickle.load(open(r"C:/Users/user/payments.pkl",'rb'))
```

Load the saved model. Importing the flask module in the project is mandatory. An object of Flask class is our WSGI application. Flask constructor takes the name of the current module (_name_) as argument.

```
model = pickle.load(open(r"C:/Users/user/payments.pkl",'rb'))

app = Flask(__name__)
```

Render HTML page:

```
@app.route("/")
def about():
    return render_template('home.html')

@app.route("/home")
def about1():
    return render_template('home.html')
```

Here we will be using a declared constructor to route to the HTML page which we have created earlier.

In the above example, '/' URL is bound with the home.html function. Hence, when the home page of the web server is opened in the browser, the html page will be rendered. Whenever you enter the values from the html page the values can be retrieved using POST Method.

Retrieves the value from UI:

```
@app.route("/predict")
def home1():
    return render_template('predict.html')

@app.route("/pred", methods=['POST','GET'])
def predict():
   x = [[x for x in request.form.values()]]
   print(x)

   x = np.array(x)
   print(x.shape)


   print(x)
   pred = model.predict(x)
   print(pred[0])
   return render_template('submit.html', prediction_text=str(pred))
```

Here we are routing our app to predict() function. This function retrieves all the values from the HTML page using Post request. That is stored in an array. This array is passed to the model.predict() function. This function returns the prediction. And this prediction value will be rendered to the text that we have mentioned in the submit.html page earlier.

Main Function:

```
if __name__ == "__main__":
 app.run(debug=False)
```

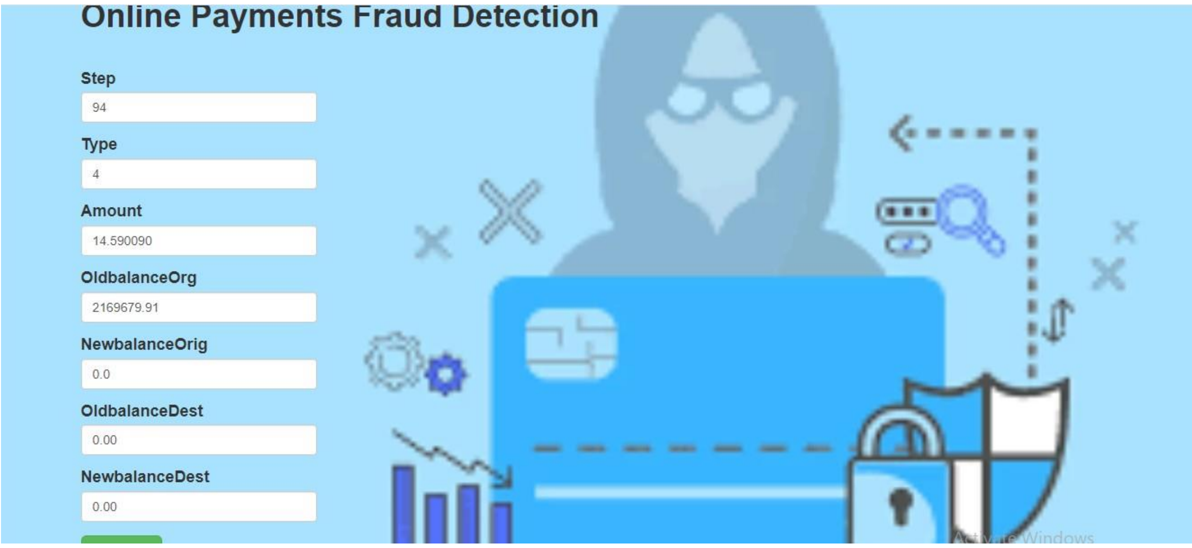
Activity 3: Run the application

- Open anaconda prompt from the start menu

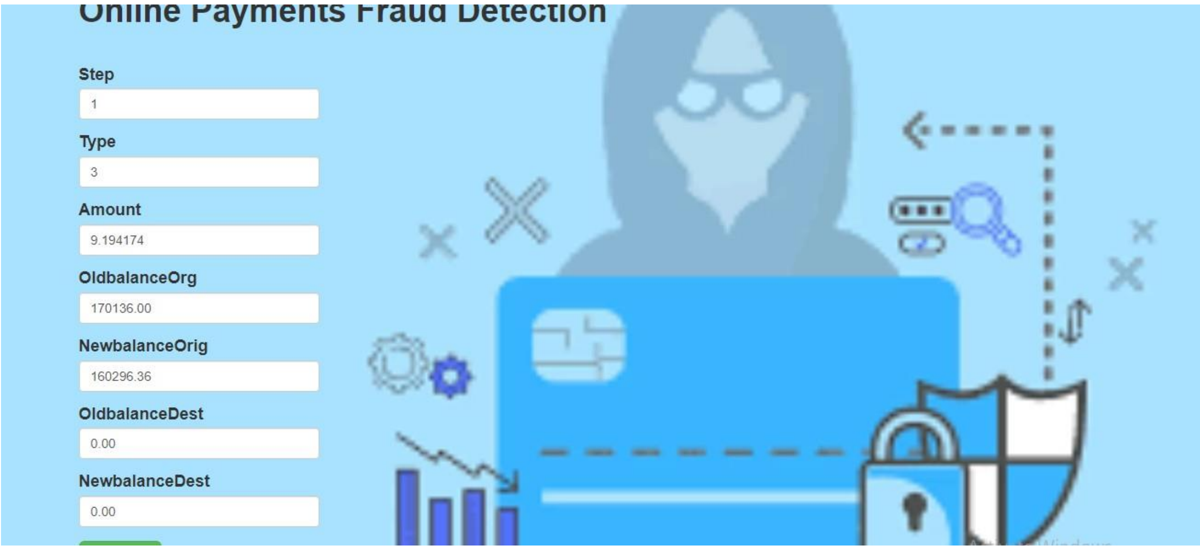
- Navigate to the folder where your python script is.
- Now type “python app.py” command
- Navigate to the localhost where you can view your web page.
- Click on the predict button from the top right corner, enter the inputs, click on the submit button, and see the result/prediction on the web.

```
In [11]: runfile('C:/Users/user/Desktop/online payments fraud detection/flask/app.py',
wdir='C:/Users/user/Desktop/online payments fraud detection/flask')
 * Serving Flask app "app" (lazy loading)
 * Environment: production
   WARNING: This is a development server. Do not use it in a production deployment.
   Use a production WSGI server instead.
 * Debug mode: off
 * Running on http://127.0.0.1:5000/ (Press CTRL+C to quit)
```

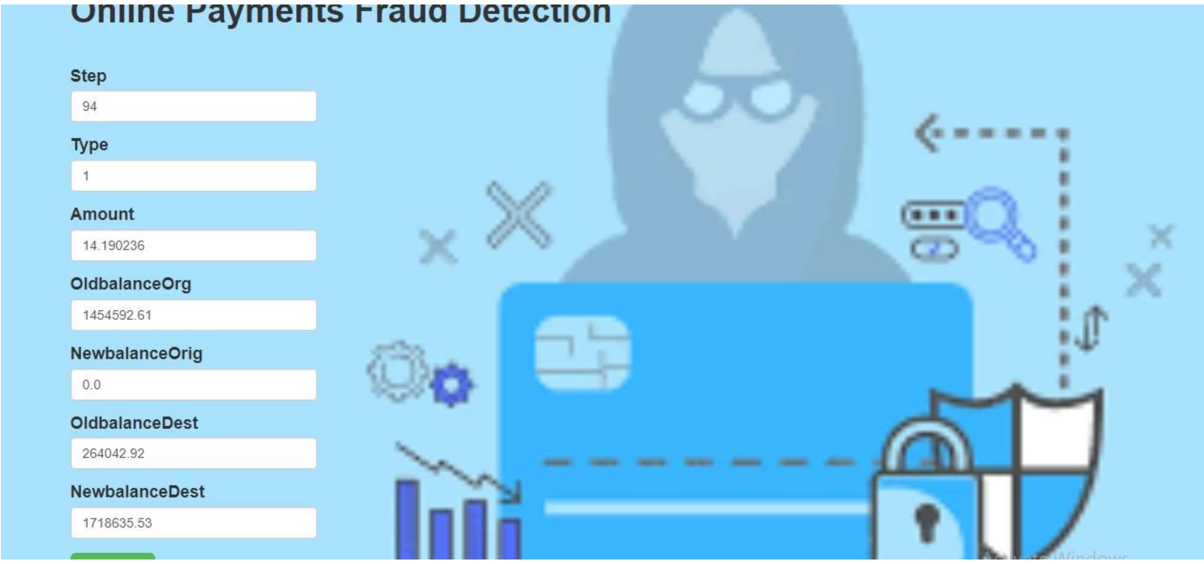
Output screensorts:



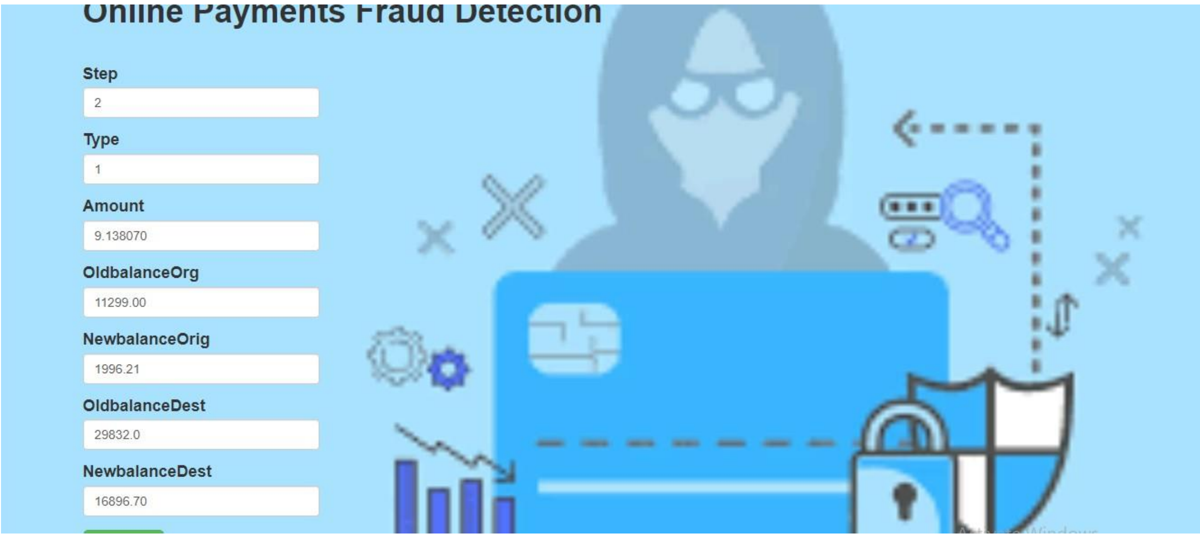

Home
Predict
Online Payments Fraud Detection
The predicted fraud for the online payment is ['is Fraud']


Online Payments Fraud Detection
Step
1
Type
3
Amount
9.194174
OldbalanceOrg
170136.00
NewbalanceOrig
160296.36
OldbalanceDest
0.00
NewbalanceDest
0.00


Home
Predict
Online Payments Fraud Detection
The predicted fraud for the online payment is ['is not Fraud']


Online Payments Fraud Detection
Step
94
Type
1
Amount
14.190236
OldbalanceOrg
1454592.61
NewbalanceOrig
0.0
OldbalanceDest
264042.92
NewbalanceDest
1718635.53


Home
Predict
Online Payments Fraud Detection
The predicted fraud for the online payment is ['is Fraud']


Online Payments Fraud Detection
Step
2
Type
1
Amount
9.138070
OldbalanceOrg
11299.00
NewbalanceOrig
1996.21
OldbalanceDest
29832.0
NewbalanceDest
16896.70


Home
Predict
Online Payments Fraud Detection
The predicted fraud for the online payment is ['is not Fraud']