Project Steps

- Data Preparation:
  - Variable Encoding on Train/Validation/Test sets (See slide 2 for example)
  - Feature "State" -> OneHotEncoding

- Feature Selection
  - Run exhaustive search for feature selection using Logistic Regression model
  - Check for multicollinearity using VIF method

- Modeling (LR)
  - Run Logistic Regression on selected features
  - Check for fairness and do debiasing if needed
  - Report weights and confusion matrix

- Modeling (RF)
  - Run Random Forest on the selected features
  - Check for fairness and do debiasing if needed
  - Report feature importance and confusion matrix
  - (If time permits) Run RF on all features, and find overlapping features with LR model

- Model Selection
  - Choose between RF and LR based on Accuracy/Fairness trade-off

- Investigate "bank_xyz" treatment
  - Answer the related question accordingly.

- Describe the rejection scenario
  - We use contrastive explanation for that.

- (If Time Permits) create a simple API for reporting the credit

- Writing Report and creating slides

- All predictors' values should be encoded into numbers 1,2,3,4 and 5. This can be done via percentiles.
  - If any predictors have NaN values, number "0" should be assigned.
  - Variable "ind_acc_XYZ" should be remained untouched (0,1).
  - Variable "States" should be one hot encoded.
  - Variable "Income" should be encoded within corresponding State.

Dataset 1

P1	P2	P3	Ind_acc_XYZ	isAZ	isNC	…	Default_ind
1	2	3	0	0	1		1
2	4	2	1	0	0	…	0
5	1	1	0	1	0		0

Dataset 2

P1	P2	P3	Ind_acc_XYZ	isAZ	isNC	…	Num_Defaulted	Num_Acc
1	2	3	0	0	1		38	90
2	4	2	1	0	0	…	58	120
5	1	1	0	1	0		90	200

Project Steps

- Data Preparation: **(Kusha or Nikhil)**
  - Variable Encoding on Train/Validation/Test sets (See slide 2 for example)
  - Feature "State" -> OneHotEncoding

- Feature Selection **(Mohammad)**
  - Run exhaustive search for feature selection using Logistic Regression model
  - Check for multicollinearity using VIF method

- Modeling (LR) **(Mohammad)**
  - Run Logistic Regression on selected features
  - Check for fairness and do debiasing if needed
  - Report weights and confusion matrix

- Modeling (RF) **(Mohammad)**
  - Run Random Forest on the selected features
  - Check for fairness and do debiasing if needed
  - Report feature importance and confusion matrix
  - (If time permits) Run RF on all features, and find overlapping features with LR model **(Kusha or Nikhil)**

- Model Selection **(Mohammad)**
  - Choose between RF and LR based on Accuracy/Fairness trade-off

- Investigate "bank_xyz" treatment **(Mohammad)**
  - Answer the related question accordingly. **(Kusha or Nikhil with the help of Mohammad)**
  - Aggregation bias – Control for other variables

- Describe the rejection scenario **(Mohammad)**
  - We use contrastive explanation for that.

- (If Time Permits) create a simple API for reporting the credit **(Kusha or Nikhil)**

- Writing Report and creating slides **(Mohammad, Kusha and Nikhil)**

Variables Encoding (Complete List)

5 Bins	5 Bins with missing (Bin 0)	Untouched Vars	One Hot Encoding
tot_credit_debt	rep_income (binnig per States)	Default_ind	States
avg_card_debt	uti_card_50plus_pct	ind_acc_XYZ	
credit_age		auto_open_ 36_month_num	
credit_good_age		card_open_36_month_num	
card_age		mortgages_past_due_6_months_num	
uti_max_credit_line		non_mtg_acc_past_due_6_months_num	
credit_past_due_amount		non_mtg_acc_past_due_12_months_num	
inq_12_month_num			
card_inq_24_month_num			
uti_card			
uti_50plus_pct			

Machine Learning (Kusha & Nikhil)

- Random Forest Modeling Steps:
  - Impute missing values by Median (rep_income and "uti_card_50plus_pct")
  - Add "isOld" feature based on the median of "Credit_age" (Med = 297)
  - Balance the training data by Defaulted account (i.e. "Default_ind = 1"), and leave the validation and test sets untouched.
  - Run a Random Forest:
    - Train on the training set, tune the parameters on the validation set and test it on the test set. (Classification Metrics)
    - Save the trained model.
    - Generate Feature Importance + Number of Splits Per Feature + Partial Dependence Plot
    - Clean Code.

Logistic Rule Regression and … (Mohammad)

- Run LRR:
  - Report plots and weights for all features
  - Report Classification Metrics
- Compare RF and LRR for biasing against young people
  - Control for "isOld" feature.
  - Debiasing both RF and LRR
    - Report plots + Fairness Metrics Numbers + Comparison Tables
  - Select the Winner model
- Answer the XYZ Bank:
  - Use chi square test for independence test
  - Test for aggregation bias if exists (all combination)
- Rejection Scenario:
  - Choose a Bad applicant and build Lime on it
  - Use Contrastive Method for suggestions.