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

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

Lets first load required libraries:

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

### **About dataset**

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

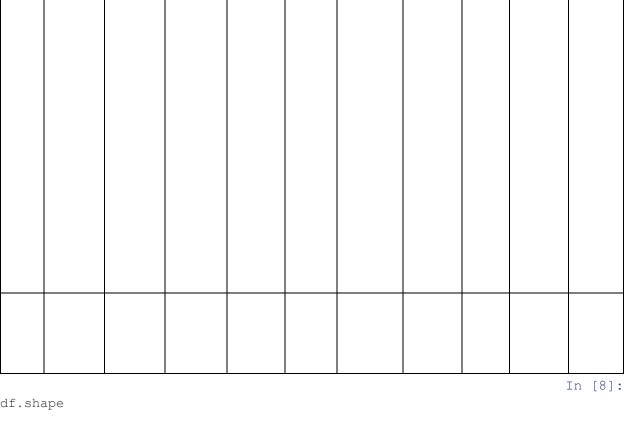
Field	Description
Loan_status	Whether a loan is paid off on in collection
Principal	Basic principal loan amount at the
Terms	Origination terms which can be weekly (7 days), biweekly, and monthly payoff schedule
Effective_date	When the loan got originated and took effects
Due_date	Since it's one-time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

Field	Description
Education	Education of applicant
Gender	The gender of applicant

#### Lets download the dataset

## **Load Data From CSV File**

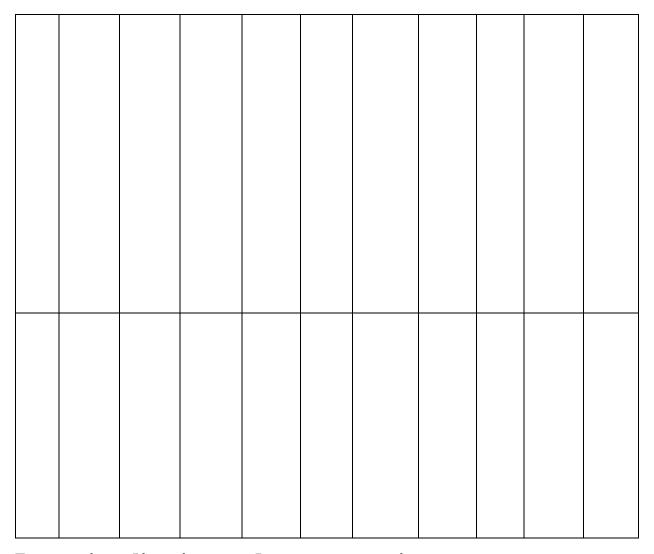
```
In [7]:
df = pd.read_csv('loan_train.csv')
df.head()
Out[7]:
```



```
df.shape
                                                                          Out[8]:
(346, 10)
```

# **Convert to date time object**

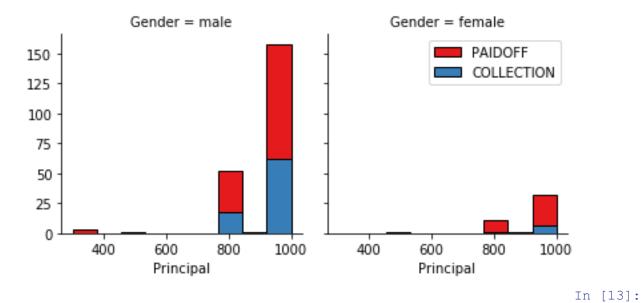
```
In [9]:
df['due_date'] = pd.to_datetime(df['due_date'])
df['effective_date'] = pd.to_datetime(df['effective_date'])
df.head()
                                                                       Out[9]:
```



# Data visualization and pre-processing

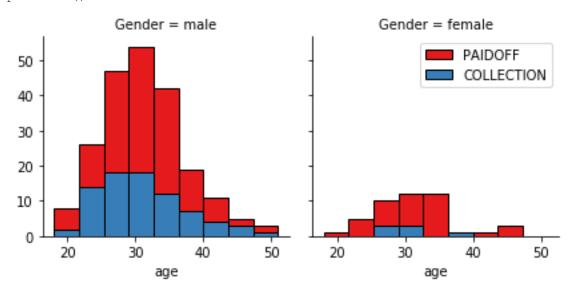
Let's see how many of each class is in our data set

```
environment location: /opt/conda/envs/Python36
 added / updated specs:
   - seaborn
The following packages will be downloaded:
   package
                               h7b6447c_0
py36_0
                                               5.0 MB anaconda
   openssl-1.1.1
                         1
                                               379 KB anaconda
   seaborn-0.9.0
                                               134 KB anaconda
                                   1
   ca-certificates-2019.5.15
                                  py36_1 156 KB anaconda
   certifi-2019.6.16
   _____
                                    Total:
                                               5.7 MB
The following packages will be UPDATED:
   ca-certificates: 2019.5.15-1 --> 2019.5.15-1 anaconda
   certifi: 2019.6.16-py36_1 --> 2019.6.16-py36_1 anaconda openssl: 1.1.1d-h7b6447c_1 --> 1.1.1-h7b6447c_0 anaconda
   seaborn: 0.9.0-py36 0 --> 0.9.0-py36 0 anaconda
Downloading and Extracting Packages
openssl-1.1.1 | 5.0 MB | ############################## | 10
0 응
seaborn-0.9.0 | 379 KB | ################################ | 10
ca-certificates-2019 | 134 KB | ################################# | 10
0%
Preparing transaction: done
Verifying transaction: done
Executing transaction: done
                                                           In [12]:
import seaborn as sns
bins = np.linspace(df.Principal.min(), df.Principal.max(), 10)
g = sns.FacetGrid(df, col="Gender", hue="loan status", palette="Set1", col wr
g.map(plt.hist, 'Principal', bins=bins, ec="k")
q.axes[-1].legend()
plt.show()
```



bins=np.linspace(df.age.min(), df.age.max(), 10)
g = sns.FacetGrid(df, col="Gender", hue="loan\_status", palette="Set1", col\_wr ap=2)
g.map(plt.hist, 'age', bins=bins, ec="k")

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

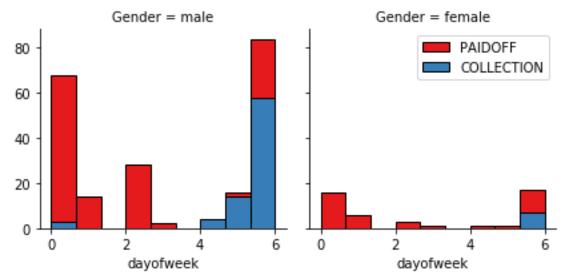


# **Pre-processing: Feature selection/extraction**

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

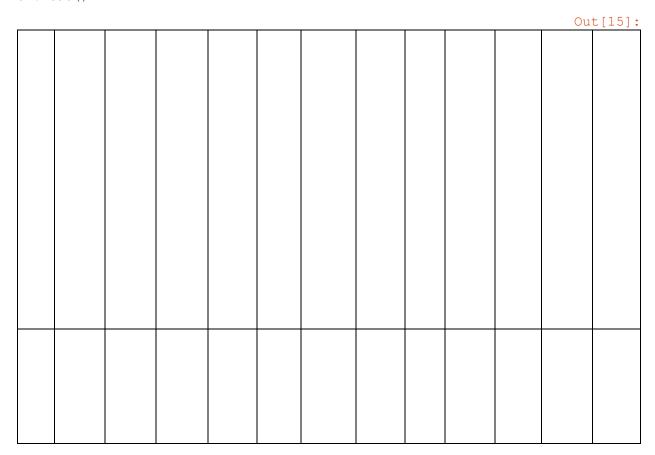
```
In [14]:
df['dayofweek'] = df['effective_date'].dt.dayofweek
bins=np.linspace(df.dayofweek.min(), df.dayofweek.max(), 10)
g = sns.FacetGrid(df, col="Gender", hue="loan_status", palette="Set1", col_wr
ap=2)
```

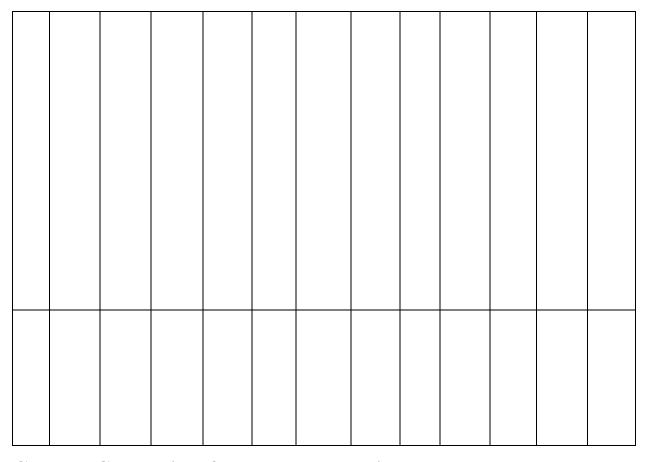
```
g.map(plt.hist, 'dayofweek', bins=bins, ec="k")
g.axes[-1].legend()
plt.show()
```



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

```
In [15]:
df['weekend'] = df['dayofweek'].apply(lambda x: 1 if (x>3) else 0)
df.head()
```

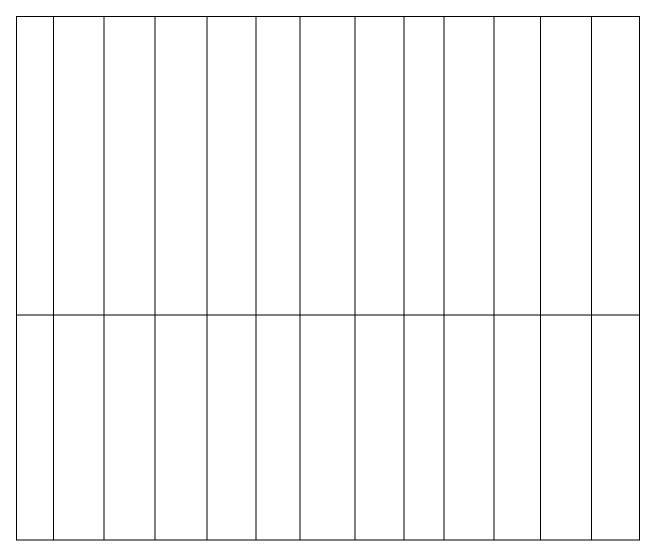




# **Convert Categorical features to numerical values**

```
Lets look at gender:
```

```
In [16]:
df.groupby(['Gender'])['loan status'].value counts(normalize=True)
                                                                        Out[16]:
Gender loan_status
female PAIDOFF
                       0.865385
        COLLECTION
                       0.134615
                        0.731293
male
        PAIDOFF
        COLLECTION
                       0.268707
Name: loan status, dtype: float64
86 % of female pay there loans while only 73 % of males pay there loan
Lets convert male to 0 and female to 1:
                                                                        In [17]:
df['Gender'].replace(to replace=['male', 'female'], value=[0,1],inplace=True)
df.head()
                                                                        Out[17]:
```



# **One Hot Encoding**

## How about education?

```
In [18]:
df.groupby(['education'])['loan status'].value counts(normalize=True)
                                                                    Out[18]:
education
                     loan_status
                    PAIDOFF 0.750000
Bechalor
                    COLLECTION
                                  0.250000
High School or Below PAIDOFF
                                  0.741722
                  COLLECTION 0.258278
COLLECTION 0.500000
PAIDOFF 0.500000
Master or Above
                    PAIDOFF
college
                                  0.765101
                     COLLECTION 0.234899
Name: loan_status, dtype: float64
```

df[['Principal','terms','age','Gender','education']].head()

Out[19]:

	P r i n c i p a l	t e r m s	a g e	G e n d e r	e d u c a t i o n
0	1 0 0 0	3 0	4 5	0	H i g h S c h o o r B e l o w
1	1 0 0 0	3 0	3 3	1	B e c h a l o r

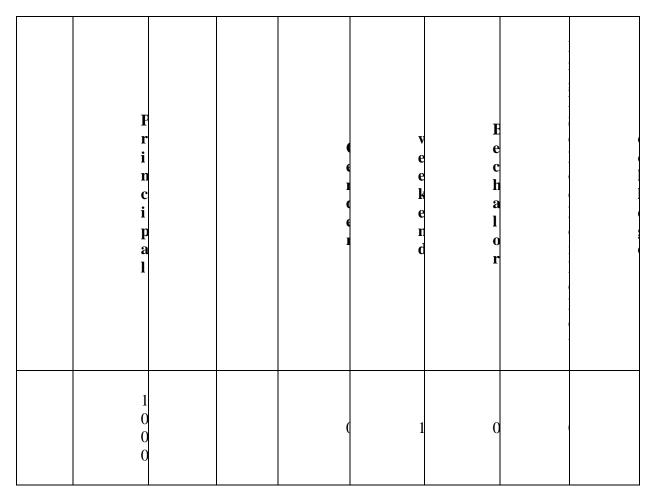
	P r i n c i p a	t e r m s	a g e	G e n d e r	e d u c a t i o n
2	1 0 0 0	1 5	2 7	0	c o 1 1 e g e
3	1 0 0 0	3 0	2 8	1	c o 1 1 e g e
4	1 0 0 0	3 0	2 9	0	c o l l e g e

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

```
In [20]:
Feature = df[['Principal','terms','age','Gender','weekend']]
Feature = pd.concat([Feature,pd.get_dummies(df['education'])], axis=1)
Feature.drop(['Master or Above'], axis = 1,inplace=True)
Feature.head()
```

Out[20]:

P r i n c i p a l			v e e k e n d	c h a l		Out[20]:
1 0 0 0		(	C	0		
1 0 0 0		1	C	1	(	(
1 0 0 0		(	C	0		
1 0 0 0		1	1	0	ı	



## **Feature selection**

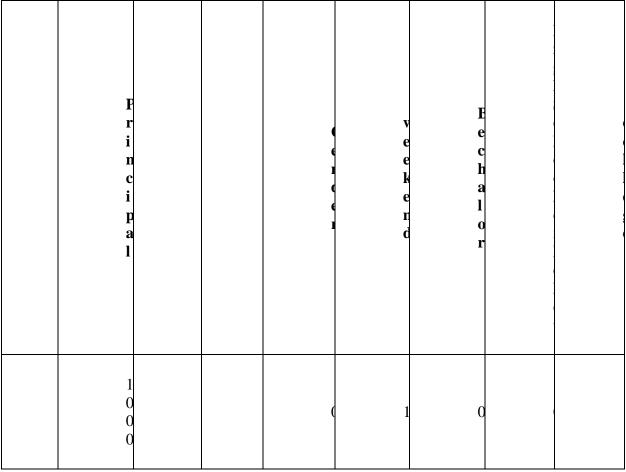
Lets defind feature sets, X:

X = Feature
X[0:5]

Out[21]:

In [21]:

P r i n c i p a l			v e e k e n d	e c h a l		
1 0 0 0		(	C	0		
1 0 0 0		1	C	1		
1 0 0 0	_	(	C	0		
1 0 0 0		]	1	0	ı	



What are our lables?

## **Normalize Data**

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

```
In [23]: X = preprocessing.StandardScaler().fit(X).transform(X) X[0:5]
```

/opt/conda/envs/Python36/lib/python3.6/site-packages/sklearn/preprocessing/data.py:645: DataConversionWarning: Data with input dtype uint8, int64 were all converted to float64 by StandardScaler.

```
return self.partial_fit(X, y)
```

/opt/conda/envs/Python36/lib/python3.6/site-packages/ipykernel/\_\_main\_\_.py:1:
DataConversionWarning: Data with input dtype uint8, int64 were all converted
to float64 by StandardScaler.

## Classification

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

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

#### Notice:

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

# **K Nearest Neighbor(KNN)**

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

```
# Answers for each classification at the end.

In [24]:

from sklearn.model_selection import train_test_split

X_train, X_test, y_train, y_test = train_test_split(X, y, test_size=0.2, rand om_state=4)

In [30]:

from sklearn.neighbors import KNeighborsClassifier

k = 5

kNN_type = KNeighborsClassifier(n_neighbors=k).fit(X_train,y_train)

kNN_type
```

Out[30]:

```
KNeighborsClassifier(algorithm='auto', leaf size=30, metric='minkowski',
           metric params=None, n jobs=None, n neighbors=5, p=2,
           weights='uniform')
                                                                       In [31]:
Ks=10
mean acc=np.zeros((Ks-1))
std acc=np.zeros((Ks-1))
ConfustionMx=[];
for n in range (1, Ks):
    kNN_type = KNeighborsClassifier(n_neighbors=n).fit(X_train,y_train)
    yhat = kNN type.predict(X test)
    mean acc[n-1]=np.mean(yhat==y test);
    std acc[n-1]=np.std(yhat==y test)/np.sqrt(yhat.shape[0])
mean acc
                                                                       Out[31]:
array([0.67142857, 0.65714286, 0.71428571, 0.68571429, 0.75714286,
       0.71428571, 0.78571429, 0.75714286, 0.75714286])
                                                                       In [32]:
from sklearn.neighbors import KNeighborsClassifier
k = 7
kNN type = KNeighborsClassifier(n neighbors=k).fit(X train,y train)
kNN_type
                                                                      Out[32]:
KNeighborsClassifier(algorithm='auto', leaf size=30, metric='minkowski',
           metric params=None, n jobs=None, n neighbors=7, p=2,
           weights='uniform')
Decision Tree
                                                                       In [39]:
from sklearn.tree import DecisionTreeClassifier
DT type = DecisionTreeClassifier(criterion="entropy", max depth = 4)
DT type.fit(X train, y train)
DT type
                                                                       Out[391:
DecisionTreeClassifier(class weight=None, criterion='entropy', max depth=4,
            max features=None, max leaf nodes=None,
            min impurity decrease=0.0, min impurity split=None,
            min samples leaf=1, min samples split=2,
            min weight fraction leaf=0.0, presort=False, random state=None,
            splitter='best')
                                                                       In [40]:
```

```
yhat = DT type.predict(X test)
yhat
                                                                   Out[40]:
array(['COLLECTION', 'COLLECTION', 'PAIDOFF', 'PAIDOFF', 'PAIDOFF',
       'PAIDOFF', 'PAIDOFF', 'PAIDOFF', 'COLLECTION',
       'PAIDOFF', 'COLLECTION', 'PAIDOFF', 'PAIDOFF', 'PAIDOFF',
       'PAIDOFF', 'COLLECTION', 'PAIDOFF', 'COLLECTION', 'PAIDOFF',
      'PAIDOFF', 'COLLECTION', 'COLLECTION', 'PAIDOFF',
       'COLLECTION', 'COLLECTION', 'PAIDOFF', 'COLLECTION', 'PAIDOFF',
       'COLLECTION', 'COLLECTION', 'PAIDOFF', 'PAIDOFF',
       'PAIDOFF', 'COLLECTION', 'PAIDOFF', 'COLLECTION', 'PAIDOFF',
       'COLLECTION', 'PAIDOFF', 'PAIDOFF', 'COLLECTION', 'PAIDOFF',
       'COLLECTION', 'COLLECTION', 'PAIDOFF', 'PAIDOFF',
       'PAIDOFF', 'PAIDOFF', 'PAIDOFF', 'PAIDOFF', 'PAIDOFF',
       'PAIDOFF', 'PAIDOFF', 'COLLECTION', 'PAIDOFF', 'PAIDOFF',
       'PAIDOFF', 'PAIDOFF', 'COLLECTION', 'PAIDOFF', 'COLLECTION',
       'PAIDOFF', 'COLLECTION', 'PAIDOFF', 'PAIDOFF'], dtype=object)
Support Vector Machine
                                                                   In [42]:
from sklearn import svm
SVM type = svm.SVC()
SVM type.fit(X train, y train)
/opt/conda/envs/Python36/lib/python3.6/site-packages/sklearn/svm/base.py:196:
FutureWarning: The default value of gamma will change from 'auto' to 'scale'
in version 0.22 to account better for unscaled features. Set gamma explicitly
to 'auto' or 'scale' to avoid this warning.
  "avoid this warning.", FutureWarning)
                                                                   Out[42]:
SVC(C=1.0, cache size=200, class weight=None, coef0=0.0,
  decision function shape='ovr', degree=3, gamma='auto deprecated',
  kernel='rbf', max iter=-1, probability=False, random state=None,
  shrinking=True, tol=0.001, verbose=False)
                                                                   In [43]:
```

```
to 'auto' or 'scale' to avoid this warning.

"avoid this warning.", FutureWarning)

Out[42]:

SVC(C=1.0, cache_size=200, class_weight=None, coef0=0.0,
    decision_function_shape='ovr', degree=3, gamma='auto_deprecated',
    kernel='rbf', max_iter=-1, probability=False, random_state=None,
    shrinking=True, tol=0.001, verbose=False)

In [43]:

yhat = SVM_type.predict(X_test)

yhat

Out[43]:

array(['COLLECTION', 'PAIDOFF', 'PAIDOFF', 'PAIDOFF',
    'PAIDOFF', 'PAIDOFF', 'PAIDOFF', 'PAIDOFF',
    'PAIDOFF', 'PAIDOFF', 'PAIDOFF', 'PAIDOFF',
    'PAIDOFF', 'PAIDOFF', 'PAIDOFF', 'PAIDOFF',
    'PAIDOFF', 'COLLECTION', 'PAIDOFF', 'PAIDOFF', 'PAIDOFF',
    'PAIDOFF', 'PAIDOFF', 'PAIDOFF', 'PAIDOFF', 'PAIDOFF',
    'PAIDOFF', 'PAIDOFF', 'PAIDOFF', 'PAIDOFF', 'PAIDOFF',
    'PAIDOFF', 'COLLECTION', 'PAIDOFF', 'PAIDOFF', 'PAIDOFF',
    'PAIDOFF', 'PAIDOFF', 'PAIDOFF', 'PAIDOFF',
    'PAIDOFF', 'PAIDOFF', 'PAIDOFF', 'PAIDOFF',
    'PAIDOFF', 'PAIDOFF', 'PAIDOFF', 'PAIDOFF', 'PAIDOFF',
    'PAIDOFF', 'PAIDOFF', 'PAIDOFF', 'PAIDOFF', 'PAIDOFF',
    'PAIDOFF', 'PAIDOFF', 'PAIDOFF', 'PAIDOFF', 'PAIDOFF',
    'PAIDOFF', 'PAIDOFF', 'PAIDOFF', 'PAIDOFF', 'PAIDOFF',
    'PAIDOFF', 'PAIDOFF', 'PAIDOFF', 'PAIDOFF', 'PAIDOFF',
    'PAIDOFF', 'PAIDOFF', 'PAIDOFF', 'PAIDOFF', 'PAIDOFF',
    'PAIDOFF', 'PAIDOFF', 'PAIDOFF', 'PAIDOFF', 'PAIDOFF',
    'PAIDOFF', 'PAIDOFF', 'PAIDOFF', 'PAIDOFF', 'PAIDOFF',
    'PAIDOFF', 'PAIDOFF', 'PAIDOFF', 'PAIDOFF', 'PAIDOFF',
    'PAIDOFF', 'PAIDOFF', 'PAIDOFF', 'PAIDOFF', 'PAIDOFF',
    'PAIDOFF', 'PAIDOFF', 'PAIDOFF', 'PAIDOFF', 'PAIDOFF',
    'PAIDOFF', 'PAIDOFF', 'PAIDOFF', 'PAIDOFF',
```

```
'PAIDOFF', 'PAIDOFF', 'PAIDOFF', 'PAIDOFF', 'PAIDOFF',
'PAIDOFF', 'PAIDOFF', 'PAIDOFF', 'COLLECTION',
'PAIDOFF', 'PAIDOFF', 'PAIDOFF', 'PAIDOFF', 'PAIDOFF'],
dtype=object)
```

## **Logistic Regression**

```
In [45]:
from sklearn.linear model import LogisticRegression
LR type = LogisticRegression(C=0.01).fit(X train, y train)
LR type
/opt/conda/envs/Python36/lib/python3.6/site-packages/sklearn/linear model/log
istic.py:433: FutureWarning: Default solver will be changed to 'lbfgs' in 0.2
2. Specify a solver to silence this warning.
  FutureWarning)
                                                                  Out[45]:
LogisticRegression(C=0.01, class weight=None, dual=False, fit intercept=True,
         intercept scaling=1, max iter=100, multi class='warn',
         n jobs=None, penalty='12', random state=None, solver='warn',
         tol=0.0001, verbose=0, warm start=False)
                                                                  In [46]:
yhat = LR type.predict(X test)
yhat
                                                                  Out[46]:
array(['COLLECTION', 'PAIDOFF', 'PAIDOFF', 'PAIDOFF', 'PAIDOFF',
      'PAIDOFF', 'PAIDOFF', 'PAIDOFF', 'PAIDOFF', 'PAIDOFF',
      'PAIDOFF', 'PAIDOFF', 'PAIDOFF', 'PAIDOFF',
      'COLLECTION', 'PAIDOFF', 'COLLECTION', 'PAIDOFF', 'PAIDOFF',
      'PAIDOFF', 'COLLECTION', 'PAIDOFF', 'PAIDOFF', 'COLLECTION',
      'COLLECTION', 'PAIDOFF', 'COLLECTION', 'PAIDOFF', 'PAIDOFF',
      'PAIDOFF', 'PAIDOFF', 'PAIDOFF', 'PAIDOFF',
      'COLLECTION', 'PAIDOFF', 'PAIDOFF', 'COLLECTION',
      'PAIDOFF', 'PAIDOFF', 'COLLECTION', 'PAIDOFF', 'PAIDOFF',
      'PAIDOFF', 'PAIDOFF', 'PAIDOFF', 'PAIDOFF', 'PAIDOFF',
      'PAIDOFF', 'PAIDOFF', 'PAIDOFF', 'PAIDOFF', 'PAIDOFF',
      'PAIDOFF', 'PAIDOFF', 'PAIDOFF', 'PAIDOFF',
      'COLLECTION', 'PAIDOFF', 'PAIDOFF', 'PAIDOFF', 'PAIDOFF',
      'PAIDOFF', 'PAIDOFF'], dtype=object)
Model Evaluation using Test set
                                                                 In [108]:
```

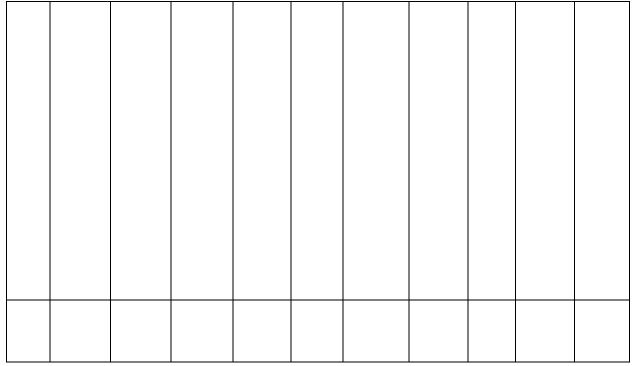
```
from sklearn.metrics import jaccard similarity score
from sklearn.metrics import f1 score
from sklearn.metrics import log loss
First, download and load the test set:
                                                                       In [109]:
!wget -O loan test.csv https://s3-api.us-geo.objectstorage.softlayer.net/cf-c
ourses-data/CognitiveClass/ML0101ENv3/labs/loan test.csv
```

## **Load Test set for evaluation**

In [110]:

test\_df = pd.read\_csv('loan\_test.csv')
test\_df.head()

Out[110]:



In [111]:

#Pretraining dataset to only keep relevant/important information

```
test df['due date'] = pd.to datetime(test df['due date'])
test df['effective date'] = pd.to datetime(test df['effective date'])
test df['dayofweek'] = test df['effective date'].dt.dayofweek
test df['weekend'] = test df['dayofweek'].apply(lambda x: 1 if (x>3) else 0)
test_df['Gender'].replace(to_replace=['male','female'], value=[0,1],inplace=T
rue)
#These are the relevant columns
test Feature = test df[['Principal','terms','age','Gender','weekend']]
test Feature = pd.concat([test Feature,pd.get dummies(test df['education'])],
axis=1)
test Feature.drop(['Master or Above'], axis = 1,inplace=True)
#Including variable for these columns
test X = preprocessing.StandardScaler().fit(test Feature).transform(test Feat
ure)
test X[0:5]
/opt/conda/envs/Python36/lib/python3.6/site-packages/sklearn/preprocessing/da
ta.py:645: DataConversionWarning: Data with input dtype uint8, int64 were all
converted to float64 by StandardScaler.
  return self.partial fit(X, y)
/opt/conda/envs/Python36/lib/python3.6/site-packages/ipykernel/ main .py:15
: DataConversionWarning: Data with input dtype uint8, int64 were all converte
d to float64 by StandardScaler.
```

Out[111]:

```
array([[ 0.49362588, 0.92844966, 3.05981865, 1.97714211, -1.30384048,
         2.39791576, -0.79772404, -0.86135677],
       [-3.56269116, -1.70427745, 0.53336288, -0.50578054, 0.76696499,
       -0.41702883, -0.79772404, -0.86135677],
       [ 0.49362588, 0.92844966, 1.88080596, 1.97714211, 0.76696499,
       -0.41702883, 1.25356634, -0.86135677],
       [0.49362588, 0.92844966, -0.98251057, -0.50578054, 0.76696499,
       -0.41702883, -0.79772404, 1.16095912],
       [-0.66532184, -0.78854628, -0.47721942, -0.50578054, 0.76696499,
         2.39791576, -0.79772404, -0.86135677]])
                                                                    In [112]:
test y = test df['loan status'].values
test y[0:5]
                                                                    Out[112]:
array(['PAIDOFF', 'PAIDOFF', 'PAIDOFF', 'PAIDOFF', 'PAIDOFF'],
      dtype=object)
                                                                      In [ ]:
# Now is the results for each classifier
                                                                      In [ ]:
# Result for K Nearest Neighbor
                                                                    In [113]:
knn result = kNN type.predict(test X)
print("K Nearest Neighbor F1-score: %.2f" % f1 score(test y, knn result, aver
age='weighted'))
print("K Nearest Neighbor Jaccard index: %.2f" % jaccard similarity score(tes
t y, knn result))
K Nearest Neighbor F1-score: 0.63
K Nearest Neighbor Jaccard index: 0.67
                                                                       In [ ]:
# Result for Decision Tree
                                                                    In [114]:
DT result = DT type.predict(test X)
print("Decision Tree F1-score: %.2f" % f1 score(test y, DT result, average='w
eighted'))
print("Decision Tree Jaccard index: %.2f" % jaccard similarity score(test y,
DT result))
Decision Tree F1-score: 0.74
Decision Tree Jaccard index: 0.72
                                                                      In [ ]:
# Result for Logistic Regression
                                                                    In [115]:
LR result = LR type.predict(test X)
```

```
#for logloss
LR_result_prob = LR_type.predict_proba(test_X)
print("Logistic Regression F1-score: %.2f" % f1 score(test y, LR result, aver
age='weighted'))
print("Logistic Regression Jaccard index: %.2f" % jaccard similarity score(te
st y, LR result))
#for logloss
print("Logistic Regression LogLoss: %.2f" % log loss(test y, LR result prob))
Logistic Regression F1-score: 0.66
Logistic Regression Jaccard index: 0.74
Logistic Regression LogLoss: 0.57
                                                                       In [ ]:
# Support Vector Machine
                                                                     In [116]:
SVM result = SVM type.predict(test X)
print("Support Vector Machine F1-score: %.2f" % f1 score(test y, SVM result,
average='weighted'))
print("Support Vector Machine Jaccard index: %.2f" % jaccard similarity score
(test y, SVM result))
Support Vector Machine F1-score: 0.76
Support Vector Machine Jaccard index: 0.80
```

# Report

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

Algorith m	J a c c a r d	F 1 - s c o r e	L o g L o s s
KNN	0 6 7	0 6 3	N A

Algorith m	J a c c a r d	F 1 - s c o r e	L o g L o s s
Decision Tree	0 7 2	0 7 4	N A
SVM	0 8 0	0 7 6	N A
Logistic Regressi on	0 7 4	0 6 6	0. 5 7