Githublink:https:https:https://github.com/sathishkumarsk2005

TITLE:GUARDINGTransactionswithAI-PoweredCreditCardFraudDetectionand Prevention

1:ProblemStatement:

Creditcardfraudisasignificantissueforfinancialinstitutions,merchants,and consumersglobally.Withtheincreasingvolumeofonlineandofflinecreditcard transactions,thepotentialforfraudulentactivityhasalsorisen.Traditionalfraud detection systems, relying on rule-based algorithms, often fall short in identifying new andsophisticatedfraudulentschemes.Thischallengeisexacerbatedbythevast numberoftransactionsthatmustbeprocessedquickly,theevolvingnatureoffraud tactics,andtheneedforreal-timedetectionwithoutnegativelyimpactinglegitimate user experiences.

To address this, there is a need for advanced, AI-powered credit card fraud detection andpreventionsystemsthatcanadapttoemergingfraudtacticswhileminimizingfalse positives and optimizing the transaction experience for legitimate users.

1. ProjectObjectives
   * Buildamachinelearningmodelthatcanreliablydetectfraudulenttransactions.
   * Utilizesupervisedandunsupervisedlearningtechniquestodevelopaclassification model capable of differentiating between legitimate and fraudulent transactions.
   * Trainthemodelusinglabeleddatasetswithbothfraudulentandnon-fraudulent transactions.
   * Implementanomalydetectiontechniquestoidentifyemergingfraudpatternsthat have not yet been encountered in historical data.

3:FlowchartoftheProjectWorkflow

|Start |

|DataCollection&Integration|

|-Collecttransactiondata|

|-Integrateexternaldatasources(e.g.,deviceinfo,geolocation)|

|DataPreprocessing |

|-Datacleaning&normalization|

|-Featureextraction&selection|

|ModelSelection |

|-ChooseappropriateMLmodels(e.g.,supervised,unsupervised,RL)|

|-Selectalgorithms(e.g.,decisiontrees,SVM,deeplearning)|

|ModelTraining&Evaluation|

|-Splitdataintotraining&testingsets|

|-Trainmodelonhistoricallabeleddata|

|-Evaluatemodelperformance(precision,recall,F1-score)|

|-Hyperparametertuning |

|-Cross-validationforrobustness|

|-Adjustforfalsepositives/negatives|

|Real-TimeFraudDetection|

|-Deploymodelforreal-timescoringoftransactions|

|-Assignfraudriskscoretoeachtransaction|

|ActiononFraudulentTransactions|

|-Flagsuspicioustransactions|

|-Sendalertstocustomersorinstitutions|

|-Initiateverificationprocessifnecessary|

|ContinuousLearning&FeedbackLoop|

|-Monitormodelperformance(e.g.,falsepositives,detectionaccuracy)|

|-Updatemodelwithnewfraudpatternsanddata|

|-Retrainmodelperiodicallyforcontinuousimprovement|

|Compliance&Security |

|-Ensureprivacy(GDPR,PCI-DSS)|

|-Dataencryptionandsecurestorage|

|End |

1. DataDescription
   * DatasetName:StudentPerformanceDataSet
   * Source:UCIMachineLearningRepository
   * TypeofData:Structuredtabulardata
   * RecordsandFeatures:395studentrecordsand33features(numeric+categorical)
   * TargetVariable:G3(finalgrade,numeric)
   * StaticorDynamic:Staticdataset
   * AttributesCovered:Demographics(age,address,parents’education),academics (G1, G2, study time), and behavior (alcohol consumption, absences)
   * DatasetLink:https:https://github.com/sathishkumarsk2005/Project--phase2.git
2. DataPreprocessing
3. DataCollection

Thefirststepinpreprocessingistogathertherawtransactiondata.Thistypically includes:

* + TransactionFeatures:
    - TransactionID
    - Cardholderdetails(userID,cardnumber,etc.)
    - Merchantdetails(merchantID,merchantcategory,location,etc.)
    - Transactionamount
    - Transactiontime(timestamp)
    - Transactiontype(online,offline,etc.)
    - Devicedetails(deviceID,IPaddress)
    - Geolocation(latitude,longitude)

1. DataCleaning

Data cleaning involves handling missing values, removing duplicates, and dealing with any inconsistencies or errors in the raw data.

Actions:

* + MissingValues:
    - Handlemissingdatapointsusingtechniqueslikeimputation(mean,median,or mode) or dropping rows/columns with excessive missing values.

1. ExploratoryDataAnalysis(EDA)
   * UnivariateAnalysis:
     + Mean,Median,Mode
     + StandardDeviation&Variance
     + Min&Max
     + Histograms,BoxPlots,DensityPlots
   * Bivariate&MultivariateAnalysis:
     + Correlationmatrix
     + ScatterplotsofG1vsG3andG2vsG3
     + Groupedbarcharts
   * KeyInsights:
     + G1andG2arethestrongestindicatorsofG3
     + MorestudytimecorrelateswithhigherG3
     + Studentswithmorefailuresorabsencestendtoscorelower
2. Feature Engineering Transaction-BasedFeatures

* TransactionAmountDifferences:
  + Amountvs.AverageTransaction
  + Formula:TransactionAmount-AverageTransactionAmount

1. ModelBuilding
   * AlgorithmsUsed:
     + LinearRegression
     + RandomForestRegressor
   * ModelSelectionRationale:
     + LinearRegression:interpretableandfast
     + RandomForest:robusttooverfitting,handlesmixeddatatypeswell
   * Train-TestSplit:80%training,20%testing
   * EvaluationMetrics:
     + MAE,RMSE,R²Score
2. VisualizationofResults&ModelInsights
   * FeatureImportance:BarplotsfromRandomForest
   * ModelComparison:MAE,RMSE,andR²forbothmodels
   * ResidualPlots:Predictionerrorsvs.actualgrades
   * UserTesting:IntegratedmodelintoGradiointerface
3. ToolsandTechnologiesUsed
   * ProgrammingLanguage:Python3
   * NotebookEnvironment:GoogleColab
   * KeyLibraries:pandas,numpy,matplotlib,seaborn,plotly,scikit-learn,Gradio
4. TeamMembersandContributions Datacleaning:(B.THIRUPATHI)

* Mean,median,ormodeimputationfornumericalfeatures
* Modeimputationforcategoricalfeatures

EDA:(M.SENTHILKUMAR)

* Classimbalanceawareness
* Biasdetection

Featureengineering:(S.SATHISHKUMAR)

* Averagetransactionamountperuser
* Transactionfrequency

Modeldevelopment:

* Algorithmselection,handlingclassimbalance
* Performancemetricsanalysis