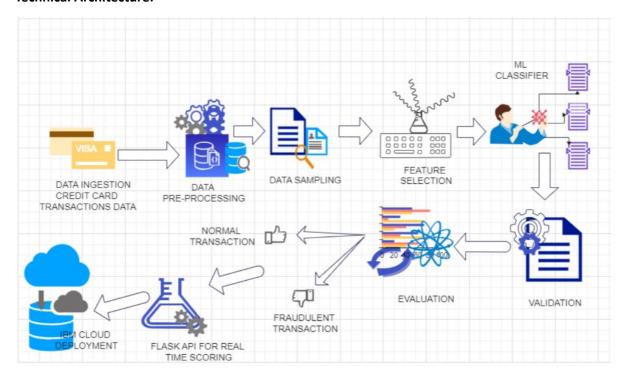
Online Payments Fraud Detection using ML

Project Description:

Online credit and debit card transactions seem to be a contributing factor to the expansion of the internet and e-commerce. Fraud is rising as a result of more people using credit and debit cards. There are several ways to identify the frauds, however they lag in their precision and have unique disadvantages of their own. If any modifications are made to the frauds are detected early in the transaction and dealt with accordingly. Owed the issue of credit/debit card fraud detection is resolved due to the volume of data suggested approach.

Classification techniques such Decision Tree, Random Forest, SVM, Extra Tree Classifier, and xgboost Classifier will be employed. We will use these methods to train and test the data. The optimal model is chosen from this and saved in PKL format. We'll be deploying IBM and integrating Flask.

Technical Architecture:-



Pre requisites:

To complete this project, you must require following software, concepts and packages

- Anaconda Navigator and VS code.
- Python packages
 - Open VS code → view → terminal → and ensure following steps
 - o Type "pip install numpy" and click enter.
 - Type "pip install pandas" and click enter.
 - O Type "pip install scikit-learn" and click enter.

- Type "pip install matplotlib" and click enter.
- Type "pip install scipy" and click enter.
- o Type "pip install pickle-mixin" and click enter.
- o Type "pip install seaborn" and click enter.
- o Type "pip install Flask" and click enter.

Prior Knowledge:

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

- MI concepts(algos)
 - Supervised Learning
 - Unsupervised Learning
 - o Regression and Classification
 - o Decision Tree
 - o Random Forest
 - XGboost Classifier
 - o SVM
 - o Extra tree classifier
 - Evaluation metrics
 - Flask Basics

Project Objectives:-

- At the conclusion of this assignment, you will have gained a wide understanding of data and be familiar with the basic principles and techniques used in machine learning.
- Be familiar with outlier transformation techniques, data preprocessing, and basic visualization principles.

Project Flow:-

- The user input is entered via interacting with the UI.
- The integrated model analyzes the entered data.
- The prediction appears on the user interface once the model has analyzed the input.

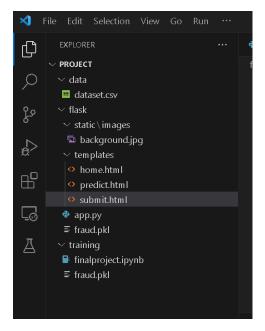
To accomplish this, we have to complete all the activities listed below,

- Data collection
 - o Collect the dataset or create the dataset
- Visualising and analysing data
 - Importing the libraries
 - o Read the Dataset
 - o Univariate analysis

- o Bivariate analysis
- o Descriptive analysis
- Data pre-processing
 - o Checking for null values
 - o Handling outlier
 - o Handling categorical(object) data
 - o Splitting data into train and test
- Model building
 - o Import the model building libraries
 - o Initialising the model
 - o Training and testing the model
 - o Evaluating performance of model
 - o Save the model
- Application Building
 - o Create an HTML file
 - o Build python code

Project structure:-

Create the Project folder which contains files as shown below



- We will build a flask application which needs HTML pages stored in the templates folder and a python script app.py for scripting.
- fraud.pkl is our saved model. Further we will use this model for flask integration.

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 download it from some trusted source, here we will fetch it from Kaggle

Link: https://www.kaggle.com/datasets/rupakroy/online-payments-fraud-detection-dataset

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.

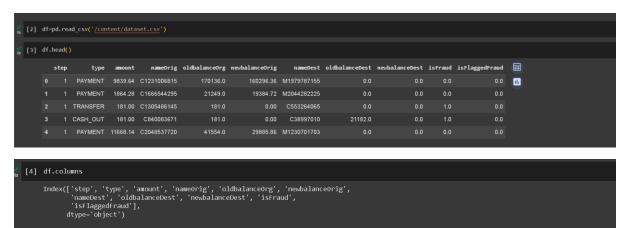
Importing Libraries

```
import pandas as pd
     import numpy as np
      import matplotlib.pyplot as plt
      import seaborn as sns
      import sklearn
      sklearn.<u>version</u>
    '1.2.2'
    #Random forest classifier
      from sklearn.ensemble import RandomForestClassifier
      from sklearn.metrics import accuracy score
      from sklearn.metrics import classification_report
 from sklearn.tree import DecisionTreeClassifier
 from sklearn.ensemble import ExtraTreesClassifier
from sklearn.svm import SVC
from sklearn.metrics import accuracy score
from sklearn.preprocessing import LabelEncoder
 import pickle
```

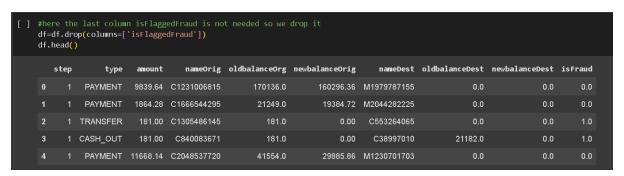
Read the Dataset

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.



In the next step the dataset's superfluous columns are being removed using the drop method.

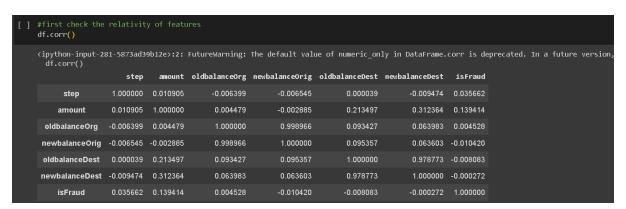


About Dataset:-

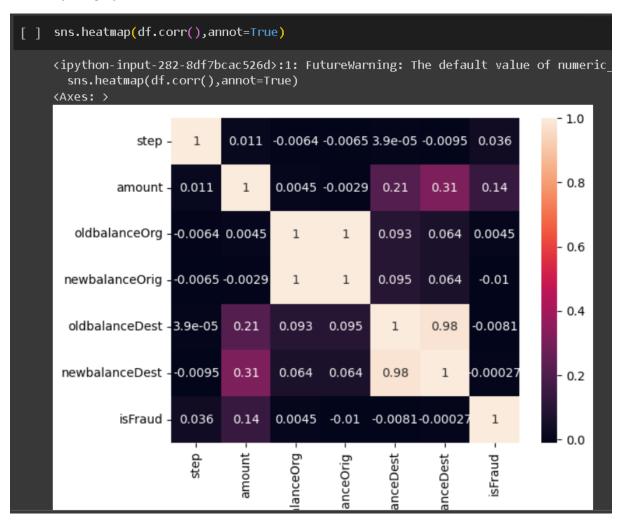
The below column reference:

- 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

Now we will check the correlation which will give the insight that how much one feature is related to other:-

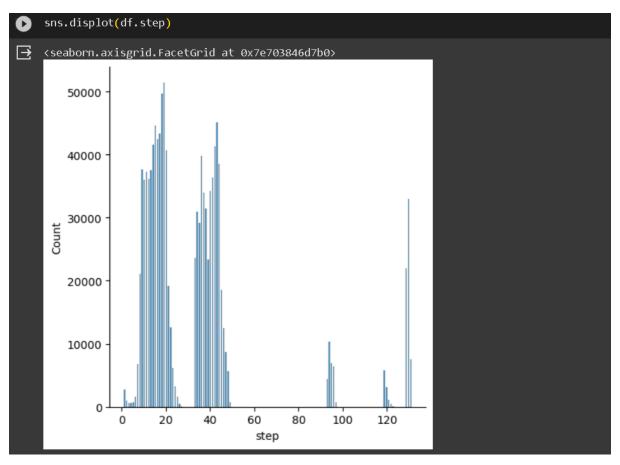


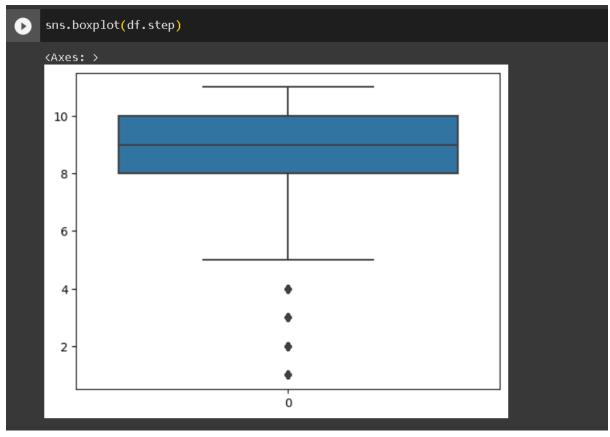
Heat map for graphical visualisation.

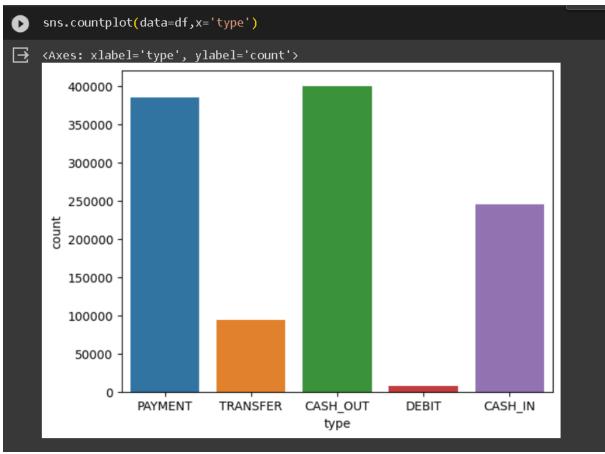


Univariate Analysis:-

Univariate analysis is understanding the data with a single feature.



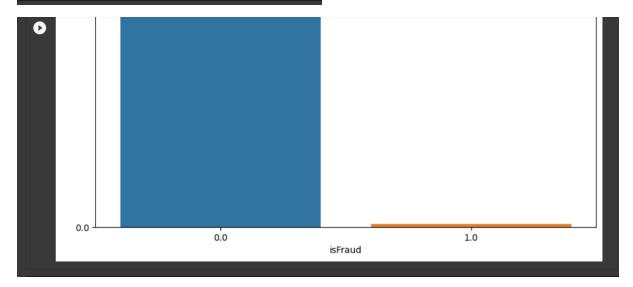


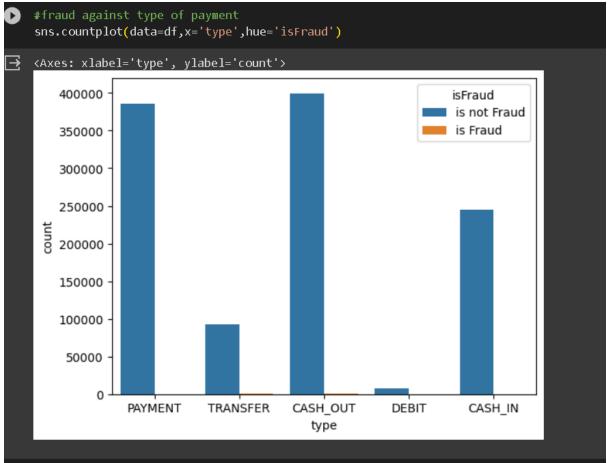


And similar analysis which could be found in the python notebook

Bivariate analysis.

```
plt.figure(figsize=(10, 50))
sns.countplot(data=df,x='isFraud')
```

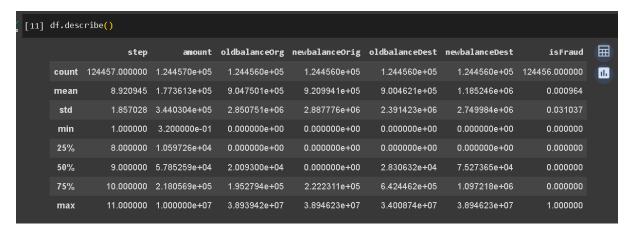




And such similar analysis.

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.



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

Checking data head and null values after train test split and replacing it with median



29°C

7s completed:

Handling outliers:-

Object data label encoding

```
[34] #object data labelencoding
from sklearn.preprocessing import LabelEncoder
le=LabelEncoder()
df.type=le.fit_transform(df.type)

[35] df.type.value_counts()

3     48078
1     39349
0     25209
4     10650
2     1171
Name: type, dtype: int64
```

Model building(Random Forest, Decision tree classifier, extra tree classifier, SVM, xgboost Classifier)

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.

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.

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.

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

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

Screenshots:-

```
√<sub>7s</sub> [58] #Random forest classifier
        from sklearn.ensemble import RandomForestClassifier
        from sklearn.metrics import accuracy_score
        rfc=RandomForestClassifier(random_state=42)
        rfc.fit(x_train,y_train)
        y_test_predict1=rfc.predict(x_test)
        test_accuracy=accuracy_score(y_test,y_test_predict1)
        test_accuracy
       0.9993572232042424
[60] y_train_predict1=rfc.predict(x_train)
        train_accuracy=accuracy_score(y_train,y_train_predict1)
        train_accuracy
       1.0
[61] pd.crosstab(y_test,y_test_predict1)
                                              col_0 is Fraud is not Fraud
            isFraud
                                              ılı
          is Fraud
                            5
                                         14
        is not Fraud
                            2
                                      24871
```

/ 1s	[62]	rom sklearn.metrics import classification_report print(classification_report(y_test,y_test_predict1))						
			precision	recall	f1-score	support		
		is Fraud is not Fraud	0.71 1.00	0.26 1.00	0.38 1.00	19 24873		
		accuracy	2100	2100	1.00	24892		
		macro avg weighted avg	0.86 1.00	0.63 1.00	0.69 1.00	24892 24892		



v Os	<pre>[66] print(classification_report(y_test,y_test_predict2))</pre>							
			precision	recall	f1-score	support		
		is Fraud is not Fraud	0.39 1.00	0.47 1.00	0.43 1.00	19 24873		
		accuracy macro avg weighted avg	0.70 1.00	0.74 1.00	1.00 0.71 1.00	24892 24892 24892		

```
Decision tree classifier
[63] 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
       0.9990358348063635
  [64] y_train_predict2=dtc.predict(x_train)
        train_accuracy=accuracy_score(y_train,y_train_predict2)
        train_accuracy
        1.0
[65] pd.crosstab(y_test,y_test_predict2)
                                             col_0 is Fraud is not Fraud
            isFraud
                                              ılı
                                         10
          is Fraud
        is not Fraud
                           14
                                     24859
```

Os	[66] print(classif	ication_repo	ort(y_test	.,y_test_pr	edict2))	
		precision	recall	f1-score	support	
	is Fraud is not Fraud	0.39 1.00	0.47 1.00	0.43 1.00	19 24873	
	accuracy macro avg weighted avg	0.70 1.00	0.74 1.00	1.00 0.71 1.00	24892 24892 24892	

```
Extra tree Classifier
  [67] 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
       0.999156355455568
[69] y_train_predict3=etc.predict(x_train)
        train_accuracy=accuracy_score(y_train,y_train_predict3)
√os [70] train_accuracy
        1.0
 [71] pd.crosstab(y_test,y_test_predict3)
                                          翩
            col_0 is Fraud is not Fraud
          isFraud
                                          ш
         is Fraud
                         2
                                     17
       is not Fraud
                         4
                                  24869
 [72] print(classification_report(y_test,y_test_predict3))
                   precision recall f1-score
                                                  support
          is Fraud
                        0.33
                                0.11
                                          0.16
                                                      19
      is not Fraud
                       1.00
                                 1.00
                                          1.00
                                                 24873
                                           1.00
                                                    24892
          accuracy
                        0.67
                                 0.55
                                           0.58
                                                    24892
         macro avg
                       1.00
                                           1.00
      weighted avg
                                 1.00
                                                    24892
```

```
Support vector machine classifier
       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
       0.9992367025550377
[74] y_train_predict4=svc.predict(x_train)
        train_accuracy=accuracy_score(y_train,y_train_predict4)
        train accuracy
       0.9990056746848792
[75] pd.crosstab(y_test,y_test_predict4)
                                    翤
              col_0 is not Fraud
            isFraud
                                     ılı
                               19
          is Fraud
        is not Fraud
                            24873
```

```
[76] print(classification_report(y_test,y_test_predict4))
       /usr/local/lib/python3.10/dist-packages/sklearn/metrics/_classification.py:1344: Un
         _warn_prf(average, modifier, msg_start, len(result))
                     precision recall f1-score
                         0.00
                                  0.00
           is Fraud
                                             0.00
                                                         19
       is not Fraud
                         1.00
                                   1.00
                                             1.00
                                                      24873
           accuracy
                                             1.00
                                                      24892
                         0.50
                                   0.50
                                             0.50
                                                      24892
          macro avg
       weighted avg
                         1.00
                                   1.00
                                              1.00
                                                      24892
       /usr/local/lib/python3.10/dist-packages/sklearn/metrics/_classification.py:1344: Un
         _warn_prf(average, modifier, msg_start, len(result))
       /usr/local/lib/python3.10/dist-packages/sklearn/metrics/_classification.py:1344: Un
         _warn_prf(average, modifier, msg_start, len(result))
```

```
xgboost Classifier
[77] from sklearn.preprocessing import LabelEncoder
       la=LabelEncoder()
       y train1=la.fit transform(y train)
       y_test1=la.transform(y_test)
       y_test1=la.transform(y_test)
       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
       0.9995179174031817
(x_train) y_train_predict5=xgb1.predict
       train_accuracy=accuracy_score(y_train1,y_train_predict5)
       train_accuracy
       0.9999799126198966
v [79] pd.crosstab(y_test,y_test_predict5)
                                  翩
              col Ø
                             1
            isFraud
                                  ш
          is Fraud
                             9
                     10
         is not Fraud
                      3 24870
[80] print(classification_report(y_test1,y_test_predict5))
                      precision
                                    recall f1-score
                                                        support
                   0
                                      0.53
                           0.77
                                                0.62
                                                             19
                            1.00
                                      1.00
                                                1.00
                                                          24873
```

1.00

0.81

1.00

24892

24892

24892

accuracy

macro avg weighted avg 0.88

1.00

0.76

1.00

Comparing the model

```
[81] 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 svc",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))
    train accuracy for rfc 1.0
    test accuracy for rfc 0.9993572232042424
     train accuracy for dtc 1.0
     test accuracy for dtc 0.9990358348063635
     train accuracy for etc 1.0
     test accuracy for etc 0.999156355455568
     train accuracy for svc 0.9990056746848792
     test accuracy for svc 0.9992367025550377
     train accuracy for xgb1 0.9999799126198966
     test accuracy for xgb1 0.9995179174031817
```

Import Pickle dump

```
import pickle
pickle.dump(rfc,open('fraud.pkl','wb'))
```

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

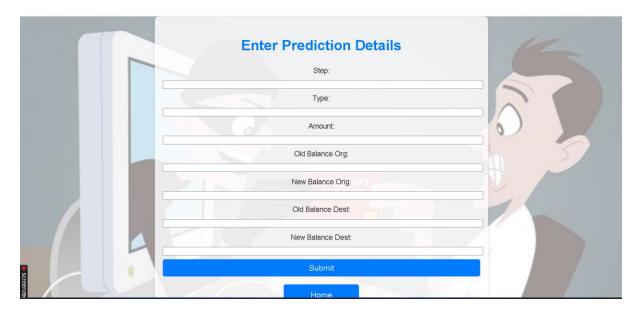
- home.html
- predict.html
- submit.html

and save them in the templates folder.

Home.html



Predict.html



Submit.html



Code for app deployment

App.py

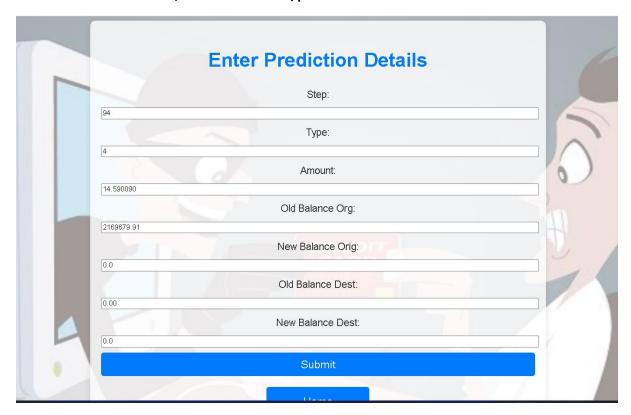
```
import numpy as np
import pickle
import pandas as pd
from flask import Flask, render_template, request

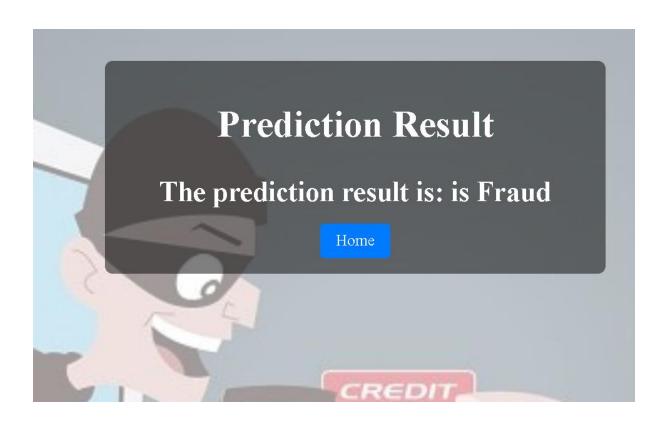
model = pickle.load(open(r"fraud.pkl", 'rb'))
app = Flask(__name__)
```

```
@app.route("/")
def about():
    return render template('home.html')
@app.route("/home")
def about1():
    return render_template('home.html')
@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_str=str(pred))
@app.route("/submit", methods=['POST'])
def submit():
    # Retrieve form data
    step = request.form.get('step')
    Type = request.form.get('Type')
    amount = request.form.get('amount')
    oldbalanceorg = request.form.get('oldbalanceorg')
    newbalanceorig = request.form.get('newbalanceorig')
    oldbalancedest = request.form.get('oldbalancedest')
    newbalancedest = request.form.get('newbalancedest')
    # Process the form data (add your processing code here)
    # For example, you can pass the form data to your model for prediction
    form_data = [[step, Type, amount, oldbalanceorg, newbalanceorig,
oldbalancedest, newbalancedest]]
    form_data = np.array(form_data).astype(float)
    prediction = model.predict(form data)
    prediction_str = str(prediction[0])
    return render_template('submit.html', prediction_str=prediction_str)
if __name__ == "__main__":
   app.run(debug=False)
```

Run the application

- Open VScode command prompt.
- 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.





	Enter Prediction Details	
	Step:	
1	Type:	7
3	Amount:	
9.194174		
	Old Balance Org:	
170136.00		
	New Balance Orig:	
160296.36		
	Old Balance Dest:	
0.0		
	New Balance Dest:	
0.0		
	Submit	

Prediction Result The prediction result is: is not Fraud Home