

Business Context

This case requires trainees to develop a model for predicting fraudulent transactions for a financial company and use insights from the model to develop an actionable plan. Data for the case is available in CSV format having 6362620 rows and 10 columns. Candidates can use whatever method they wish to develop their machine learning model. Following usual model development procedures, the model would be estimated on the calibration data and tested on the validation data. This case requires both statistical analysis and creativity/judgment. We recommend you spend time on both fine-tuning and interpreting the results of your machine learning model.

These are some basic questions which people always looking for:

Your task is to execute the process for proactive detection of fraud while answering the following questions.

1. Data cleaning including missing values, outliers, and multi-collinearity.
2. Describe your fraud detection model in elaboration.
3. How did you select variables to be included in the model?
4. Demonstrate the performance of the model by using the best set of tools.
5. What are the key factors that predict fraudulent customers?
6. Do these factors make sense? If yes, how? If not, how not?
7. What kind of prevention should be adopted while a company updates its infrastructure?
8. Assuming these actions have been implemented, how would you determine if they work?