

Fraud is one of the major issues we come up majorly in banks, life insurance, health insurance, and many others. These major frauds are dependent on the person who is trying to sell you the fake product or service, if you are matured enough to decide what is wrong then you will never get into any fraud transactions. But one such fraud that has been increasing a lot these days is fraud in making payments.

payment\_fraud.csv

Write a classification program and compare various classification algorithms using payment\_fraud.csv dataset

```
In [1]: import pandas as pd
import numpy as np
import matplotlib.pyplot as plt
import seaborn as sns
%matplotlib inline

import warnings
warnings.filterwarnings('ignore')
from sklearn.model_selection import cross_val_score
from sklearn import preprocessing
from sklearn.model_selection import RepeatedKFold
from sklearn.linear_model import Lasso
from sklearn.linear_model import Ridge
from sklearn.model_selection import GridSearchCV
from sklearn.model_selection import KFold
from sklearn.model_selection import cross_val_score
from sklearn.linear_model import LinearRegression
from sklearn.metrics import mean_squared_error
from sklearn.model_selection import train_test_split
from sklearn.linear_model import LassoCV
from sklearn.metrics import r2_score
```

```
In [2]: fraud = pd.read_csv("payment_fraud.csv")
fraud
```

Out[2]:

	accountAgeDays	numItems	localTime	paymentMethod	paymentMethodAgeDays	label
0	29	1	4.745402	paypal	28.204861	0
1	725	1	4.742303	storecredit	0.000000	0
2	845	1	4.921318	creditcard	0.000000	0
3	503	1	4.886641	creditcard	0.000000	0
4	2000	1	5.040929	creditcard	0.000000	0
...	...	...	...	...	...	...
39216	986	1	4.836982	creditcard	0.000000	0
39217	1647	1	4.876771	creditcard	377.930556	0
39218	1591	1	4.742303	creditcard	0.000000	0
39219	237	1	4.921318	creditcard	236.082639	0
39220	272	1	5.040929	paypal	0.000694	0

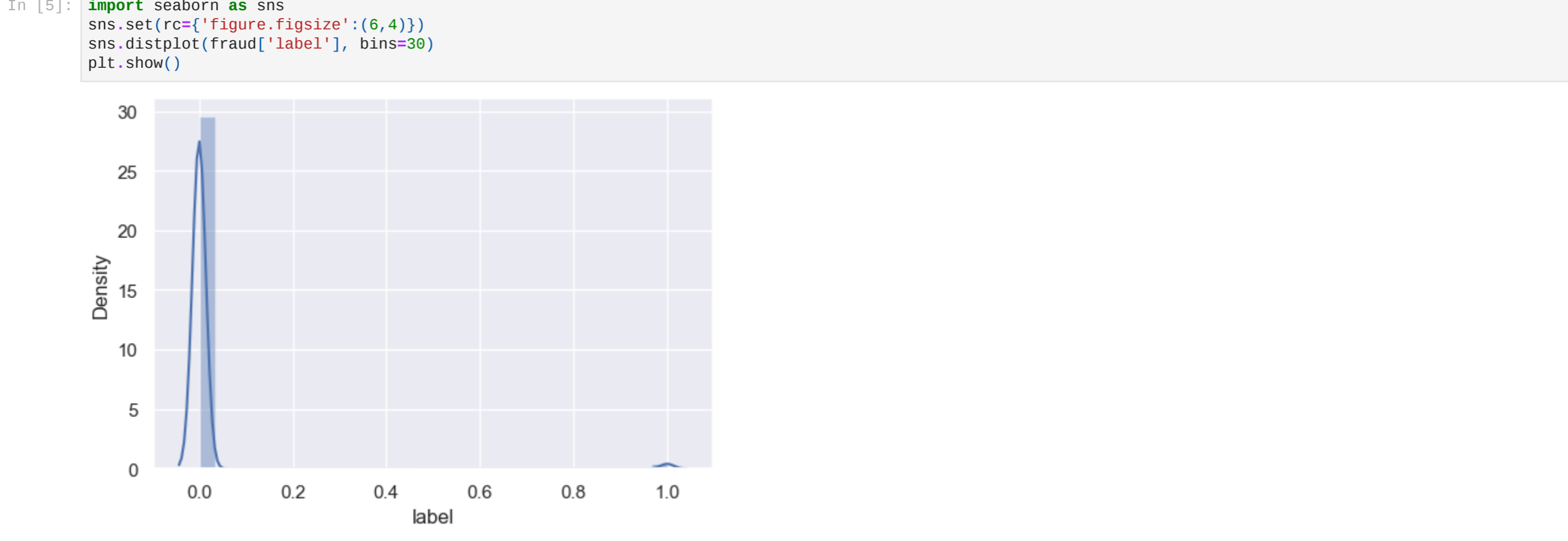
39221 rows x 6 columns

```
In [3]: print(fraud.dtypes)

accountAgeDays      int64
numItems            int64
localTime           float64
paymentMethod       object
paymentMethodAgeDays float64
label              int64
dtype: object
```

```
In [4]: fraud.isnull().sum()

Out[4]: accountAgeDays      0
numItems                0
localTime              0
paymentMethod          0
paymentMethodAgeDays  0
label                  0
dtype: int64
```



```
In [6]: from sklearn import preprocessing
label_encoder = preprocessing.LabelEncoder()
fraud['paymentMethod'] = label_encoder.fit_transform(fraud['paymentMethod'])
#x=fraud.drop(['label'], axis=1)
fraud.head(20)
```

Out[6]:

	accountAgeDays	numItems	localTime	paymentMethod	paymentMethodAgeDays	label
0	29	1	4.745402	1	28.204861	0
1	725	1	4.742303	2	0.000000	0
2	845	1	4.921318	0	0.000000	0
3	503	1	4.886641	0	0.000000	0
4	2000	1	5.040929	0	0.000000	0
5	119	1	4.962055	1	0.000000	0
6	2000	1	4.921349	1	0.000000	0
7	371	1	4.876771	0	0.000000	0
8	2000	1	4.748314	0	0.000000	0
9	4	1	4.461622	0	0.000000	0
10	26	1	4.745402	1	0.000000	0
11	2000	1	4.505662	0	0.000694	0
12	3	1	4.962055	0	2.690972	0
13	3	1	4.921318	0	2.069444	0
14	23	1	4.745402	0	0.001389	0
15	5	1	4.921349	1	4.036111	0
16	1208	1	4.836982	0	0.000694	0
17	11	1	4.921349	0	10.865972	0
18	123	1	4.748314	0	0.000694	0
19	2000	1	4.895263	0	248.774306	0

```
In [7]: X = fraud[["accountAgeDays", "numItems", "localTime", "paymentMethod", "paymentMethodAgeDays"]].copy()
y = fraud[["label"]].copy()
```

```
In [8]: X

Out[8]:
```

	accountAgeDays	numItems	localTime	paymentMethod	paymentMethodAgeDays
0	29	1	4.745402	1	28.204861
1	725	1	4.742303	2	0.000000
2	845	1	4.921318	0	0.000000
3	503	1	4.886641	0	0.000000
4	2000	1	5.040929	0	0.000000
...	...	...	...	...	...
39216	986	1	4.836982	0	0.000000
39217	1647	1	4.876771	0	377.930556
39218	1591	1	4.742303	0	0.000000
39219	237	1	4.921318	0	236.082639
39220	272	1	5.040929	1	0.000694

39221 rows x 5 columns

```
In [9]: y

Out[9]:
```

	label
0	0
1	0
2	0
3	0
4	0
...	...
39216	0
39217	0
39218	0
39219	0
39220	0

39221 rows x 1 columns

```
In [10]: from sklearn.model_selection import train_test_split

X_train, X_test, Y_train, Y_test = train_test_split(X, y, test_size = 0.3)
print(X_train.shape)
print(X_test.shape)
print(Y_train.shape)
print(Y_test.shape)

(27454, 5)
(11767, 5)
(27454, 1)
(11767, 1)
```

```
In [11]: from sklearn.linear_model import LinearRegression
from sklearn.metrics import mean_squared_error

lin_model = LinearRegression()
lin_model.fit(X_train, Y_train)
```

```
Out[11]: LinearRegression
LinearRegression()
```

```
In [12]: Y_test_predict = lin_model.predict(X_test)

rmse = (np.sqrt(mean_squared_error(Y_test, Y_test_predict)))
r2 = r2_score(Y_test, Y_test_predict)

print('RMSE is {}'.format(rmse))
print('R2 score is {}'.format(r2))

RMSE is 0.1174575119884695
R2 score is 0.0196903646046227
```

```
In [13]: from sklearn.linear_model import Ridge
rr = Ridge(alpha=0.01)
rr.fit(X_train, Y_train)

pred_train_rr = rr.predict(X_train)
print('RMSE of Training data:', np.sqrt(mean_squared_error(Y_train, pred_train_rr)))
print('R2 of Training data:', r2_score(Y_train, pred_train_rr))

pred_test_rr = rr.predict(X_test)
print('RMSE of Test data:', np.sqrt(mean_squared_error(Y_test, pred_test_rr)))
print('R2 of Test data:', r2_score(Y_test, pred_test_rr))

RMSE of Training data: 0.11732750674744959
R2 of Training data: 0.021941253390854065
RMSE of Test data: 0.11745751163272589
R2 of Test data: 0.019690370542751245
```

```
In [14]: from sklearn.model_selection import cross_val_score
from sklearn.model_selection import RepeatedKFold
X = fraud.iloc[:,0:6]
Y = fraud['paymentMethodAgeDays']

ridge_model = Ridge(alpha=0.5)

cv = RepeatedKFold(n_splits=10, n_repeats=6, random_state=1)

scores = cross_val_score(ridge_model, X, Y, scoring='neg_mean_absolute_error', cv=cv, n_jobs=-1)

scores = np.absolute(scores)
print('Mean MAE: %.3f (%.3f)' % (np.mean(scores), np.std(scores)))

Mean MAE: 0.000 (0.000)
```

```
In [15]: from sklearn.linear_model import Lasso

lasso_model = Lasso(alpha=1.0)

cv = RepeatedKFold(n_splits=10, n_repeats=6, random_state=1)

scores = cross_val_score(lasso_model, X, Y, scoring='neg_mean_absolute_error', cv=cv, n_jobs=-1)

scores = np.absolute(scores)
print('Mean MAE: %.3f (%.3f)' % (np.mean(scores), np.std(scores)))

Mean MAE: 0.002 (0.000)
```

```
In [16]: model_lasso = Lasso(alpha=0.01)
model_lasso.fit(X_train, Y_train)
pred_train_lasso = model_lasso.predict(X_train)
print(np.sqrt(mean_squared_error(Y_train, pred_train_lasso)))
print(r2_score(Y_train, pred_train_lasso))

pred_test_lasso = model_lasso.predict(X_test)
print(np.sqrt(mean_squared_error(Y_test, pred_test_lasso)))
print(r2_score(Y_test, pred_test_lasso))

0.11765432042611404
0.01648483371909848
0.11764368397061087
0.01658028977988013
```