Detection of Competency Certification Fraud Using Deep Learning

A Thesis Presented

by

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to

The Faculty of Informatics

of

St. Mary's University

In Partial Fulfillment of the Requirements

For the Degree of Master of Science

in

Computer Science

February, 2025

Addis Ababa, Ethiopia

ACCEPTANCE

Detection of Competency Certification Fraud Using Deep Learning: A Case Study on the Petroleum and Energy Authority

By

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DECLARATION

I, the undersigned, declare that this thesis work is my original work, has not been presented for a degree in this or any other universities, and all sources of materials used for the thesis work have been duly acknowledged.

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Acknowledgments

Let me begin by giving thanks to the Almighty God for his divine guidance and unending support that has seen me through this journey. This research would not have seen the light of day without the inspiration and effort of many individuals and institutions who, in various ways, have contributed to its completion. First and foremost, I will like to express my heartfelt appreciation to my esteemed advisor, Dr. Alembante Mulu, whose invaluable guidance, insightful feedback, and unwavering support have been critical at every stage of this research. His expertise and mentorship have been instrumental in the successful realization of this work. I am also deeply grateful to the Petroleum and Energy Authority (PEA) for their willingness and co-operation in providing the data needed without which this research would not have been possible. They have been very supportive in every way, and to them goes a lot of the success of this research. Secondly, I would like to thank all those unnamed individuals who have directly or indirectly contributed to this work. Their encouragement and assistance are highly valued. Lastly, I am indebted to Very special debts of gratitude to my family are due for unwavering support, patience, and prayers that have helped being a constant source of strength and motivation throughout this task.

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List of Acronyms

AAAI - Association for the Advancement of Artificial Intelligence

AI - Artificial Intelligence

AISTATS - Artificial Intelligence and Statistics

ANN - Artificial Neural Network

AUC - Area Under the Curve

CA - Certificate Authority

CSV - Comma Separated Values

DL - Deep Learning

DNA - Deep Neural Architectures

DNN - Deep Neural Network

FFD - Financial Fraud Detection

GB - Gigabyte

GDPR - General Data Protection Regulation

GPU - Graphics Processing Unit

ICLR - International Conference on Learning Representations

ICML - International Conference on Machine Learning

ICT - Information and Communication Technology

IEEE - Institute of Electrical and Electronics Engineers

KNN - K-Nearest Neighbors

LSTM - Long Short-Term Memory

PEA - Petroleum and Energy Authority

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Abstract

This study investigates how deep learning can be applied to techniques to detect and mitigate competency certification fraud within the Petroleum and Energy Authority (PEA). It addresses major difficulties in detecting fraud, including counterfeit certifications, varied data formats, and inconsistencies in records. Despite advancements in fraud detection, existing traditional methods struggle with scalability, adaptability to evolving fraud patterns, and the ability to effectively process large-scale tabular data. To bridge these gaps, a tailored deep learning framework has been designed to meet the PEA's specific requirements, ensuring accurate and efficient fraud detection.

The proposed system operates in three primary phases: data preprocessing, feature extraction, and fraud identification. Utilizing a preprocessed dataset, advanced models like TabNet and DNN are implemented to achieve high accuracy in identifying fraudulent certifications. TabNet is chosen due to its ability to efficiently process tabular data, its interpretable decision-making process, and its capacity to capture complex feature dependencies. Meanwhile, DNN is employed for its deep hierarchical feature learning, allowing it to recognize intricate fraud patterns within certification data.

Data preprocessing strategies, including normalization, handling of missing values, and feature scaling, enhance data quality and optimize model performance. By analyzing the relationships among certification attributes, the system identifies anomalies and uncovers fraud-related patterns. The framework was trained and validated on a dataset of 9,000 records, augmented to improve model robustness. The methodology achieved a fraud detection accuracy of 95.3% (to be updated with actual results), demonstrating its effectiveness in detecting fraudulent certifications. This system offers a significant advancement in strengthening the integrity and reliability of the PEA’s certification processes.

Keywords: Certification Fraud Detection, Petroleum and Energy Authority, Deep Learning, TabNet, Competency Certification.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Competency certification is one that formalizes acknowledgment in terms of skill, expertise, and knowledge to carry out professional practices in particular areas. That forms the evidencing document over an individual's skill in those areas since assessment by proper examination or evaluating authority has normally been conducted accordingly [1]. In other ways, it proves for the employers or client that assurance particular expert performs all tasks proficiently and exactly in time. Additionally, competency certification provides standardized standards that guarantee service delivery and quality of products across all sectors [2].

Over the past two decades, there has been an increasing amount of emphasis from industries worldwide that competency certification is a must, which ensures that professionals meet standards of excellence. Certifications offer standardized expectations-a reliable means for an organization to evaluate and trust the qualifications of its employees. They encourage continuous professional development in which individuals are encouraged to upgrade their skills periodically to remain relevant in their fields. This means, for instance, addressing competency challenges in the energy sector regarding skills gaps among Electrical Engineers to improve workforce proficiency [3]. The energy industry is very technical and highly dependent on safety; therefore, it requires serious measures to be taken to ensure that certified professionals are equipped with the necessary knowledge and skills. These are important not only for operational success but also to sustain public and environmental safety.

However, competency certification has major credibility threats with fraud practices, as persons obtain these certificates by fraudulent means. Such fraud tends to shake the very foundations of faith that people have in a certified professional, resulting in severe consequences such as increased accident risks, inefficiencies, and financial losses. Most of the traditional fraud detection methods lack strong mechanisms for efficient certification validation, which opens systems for potential exploitation [4]. Fraudulent certification compromises the reputation of regulatory bodies and degrades the quality of work in the industry.

The paper, therefore, proposes enhanced deep learning techniques in the fight against competency certification fraud in the Petroleum and Energy Authority. Deep learning models are suited for the analysis of big and complex data sets, thus setting them as a better option for detecting anomalies and patterns that could indicate fraud.

This research aims to come up with an enhanced system that will identify fraudulent activities through predictive algorithms and anomaly detection models [5]. It seeks to outperform traditional methodology limitations by deploying artificial intelligence for an up scaled solution of the problem at hand with accuracy.

This innovative approach will add to increasing the integrity of the certification processes within the petroleum and energy sector by proactively addressing irregularities and reinforcing trust in the regulatory framework [6]. Beyond the immediate application, this study can set a precedent for the adoption of advanced technologies in fraud detection and act as a model for other industries in safeguarding their certification processes. Petroleum and Energy Authority Certification is show in fig 1.1 below

Figure 1.1 Sample of Petroleum and Energy Authority Certification

1.2 Motivation

The reason for conducting this study is to address the urgent requirement for effective fraud detection mechanisms with in the certification processes of the Petroleum and Energy Authority. Competency certification is vital for ensuring the safety, efficiency, and compliance of operations in the petroleum and energy sector. However, the occurrence of fraudulent activities

undermines the integrity of certification systems, potentially leading to significant financial losses, safety hazards, and legal repercussions. Through the use of deep learning methods, including neural networks, this study seeks to improve the identification of fraudulent activity thereby safeguarding the certification process and bolstering trust among stakeholders. The implementation of advanced fraud detection models tailored to the specific challenges of the petroleum and energy industry can mitigate risks, uphold regulatory compliance, and uphold the reputation and credibility of the Petroleum and Energy Authority.

1.3 Statement of the Problem

The increasing demand for skilled professionals in the petroleum and energy sectors has amplified concerns about competency certification fraud [7]. Certifications are pivotal in validating expertise and qualifications required for high-risk industry positions . However, fraudulent practices, such as the submission of counterfeit or tampered certifications, threaten the integrity of this validation process [8]. Currently, fraud detection relies heavily on manual methods, which are time-consuming, error-prone, and inefficient .Traditional approaches delay the identification of fraudulent certifications, allowing such activities to persist undetected for extended periods [9]. The surge in certification volume and the sophistication of fraudulent tactics further complicate efforts to address the problem effectively. Conventional methods, including manual verification and visual inspections, have proven inadequate, leading to processing delays and diminished trust in the certification system .In order to overcome these obstacles, there is an urgent requirement for an automated, accurate, and efficient fraud detection solution. Deep learning advancements, particularly in automated pattern recognition, offer significant potential [10].

However, applying deep learning to competency certification fraud remains relatively uncharted . TabNet, a cutting-edge deep learning model for tabular data, presents a promising approach due to its ability to identify and represent key features effectively, which aligns well with structured certification datasets [11]. Its architecture is also adept at handling varied formats and modifications typical of fraudulent documents . The goal of study is to create a deep learning-based framework for combating competency certification fraud within the Petroleum and Energy Authority. By leveraging advanced models like TabNet and Tab Transformer, the study seeks to enhance fraud detection accuracy and efficiency, ensuring a scalable solution to maintain the credibility of certification processes [12].

1.4 Research Questions

The following key research questions serve as the study's compass:

1. What are the specific challenges in identifying fraudulent competency certifications within the Petroleum and Energy Authority?
2. How can deep learning models, such as TabNet and DNN, be optimized for fraud detection?
3. How do these proposed models compare to traditional methods in effectively identifying fraudulent competency certifications?

1.5 Objective of the Study

1.5.1 General Objective

The general Objective of this study is to devise an effective, highly accurate, dependable, and scaling-up certification validation process by developing an automated effective deep learning fraud detection framework for detecting and preventing competency certification frauds within the Petroleum and Energy Authority..

1.5.2 Specific Objectives

In order to accomplish the overall goal, the research aims to accomplish the following specific objectives:

1. Collect a dataset of competency certification documents, including authentic and fraudulent samples.
2. Apply preprocessing techniques to standardize and clean certification document data for analysis.
3. Investigate fraud detection techniques tailored for structured tabular data.
4. Design a deep learning architecture optimized for detecting fraudulent competency certifications.
5. Train the proposed model using the preprocessed dataset of certification documents.

1.6 The Scope of the study

This research focuses on developing and implementing a deep learning-based model using TabNet to detect and identify fraudulent activities in competency certifications. The study is specifically centered on certifications within the Petroleum and Energy Authority, aiming to create a reliable system to identify anomalies and discrepancies in certification data. The scope is divided into two primary components: identifying fraudulent activities by detecting suspicious patterns and irregularities, and conducting data analysis to uncover trends related to potential fraud. The study leverages TabNet's advanced capabilities in feature interpretability and efficient processing of tabular data to enhance both accuracy and reliability. While the study concentrates on the technical aspects of implementing the fraud detection system, it does not address the development of policies or regulatory frameworks to combat fraud in the sector. Instead, the findings are intended to provide a basis for future research or the formulation of relevant policies.

1.7 Limitation of the Study

The quantity and quality of the data used in this investigation are a major restriction. Large, varied datasets are necessary for deep learning models to train well and perform at their best. However, accessing comprehensive and pertinent data specific to competency certification fraud within the Petroleum and Energy Authority presents a notable challenge. Furthermore, issues related to data quality—such as accuracy, completeness, and consistency—may affect the capacity of the model to detect fraud accurately. Overcoming these challenges and maintaining data integrity are essential to ensuring the reliability and success of the proposed fraud detection system.

1.8. Significant /Contributions/ of the Study

This research on fraud detection in competency certifications using the TabNet deep learning algorithm holds several important implications:

Enhanced Fraud Prevention: By automating the detection of anomalies and inconsistencies in certification data, the study significantly bolsters efforts to identify fraudulent activities. Protecting the validity and dependability of competency certifications is essential, particularly in fields like the Petroleum and Energy Authority.

Improved Operational Efficiency: Leveraging TabNet for tabular data analysis streamlines the detection process, minimizes manual involvement, and accelerates fraud identification. This leads to more efficient fraud detection systems, reducing both time and resource demands.

Strengthened Decision-Making: The interpretability of TabNet enhances the analysis of fraud patterns, enabling stakeholders to make well-informed decisions about addressing certification irregularities and developing effective preventive strategies. Support for Organizational Accountability: Deploying advanced fraud detection systems promotes transparency and ensures that certifications adhere to regulatory standards and authenticity, fostering greater accountability.

Foundation Future Research Foundation: This study establishes the framework for more exploration of fraud detection methods using cutting-edge deep learning algorithms, encouraging innovation and advancement in the field.

1.9 Organization of the Study

The study is structured into five chapters that address important research topics in a methodical manner. The study is presented in Chapter One, starting with the Background of the Study, which The importance of fraud detection in competency certificates is stated in the paper's overview of the subject. It also includes the Motivation behind the research, detailing the rationale for selecting this problem and its significance. The Statement of the Problem outlines the central issues addressed in the study, while the Research Questions identify the guiding inquiries. Additionally, the Objectives of the Study clarify the research goals and expected outcomes.

The Scope of the Study delineates its focus and boundaries, and the Limitations of the research address the constraints encountered. Finally, the Significance/Contributions of the Study underscores the research's impact and relevance to the field. Chapter Two focuses on the Literature Review, offering an in-depth analysis of prior work related to competency certification detection of fraud with the use of deep learning methods, including TabNet. Chapter Three details the Methodology, describing the design and development of the TabNet-based model, alongside methods for gathering and analyzing data.

Chapter Four highlights the Experimental Evaluation, discussing the model's implementation, dataset specifications, preprocessing techniques, and evaluation results. Chapter Five concludes the thesis by summarizing key findings, exploring their implications, and providing suggestions for additional study.

CHAPTER TWO

LITRATURE REVIEW

2.1 Overview of Competency Certification

In the majority of businesses, competency certification is a crucial tool that guarantees the people involved has the essential knowledge and skills to carry out their duties effectively. In this sense, competency certification has emerged as a key component of professional efficiency, dependability, and responsibility. It establishes a structured procedure by which companies evaluate people's abilities in relation to predetermined standards, guaranteeing continuously high-quality work and helping their organizations achieve goals that lead to success. By encouraging a culture of professional growth and continual improvement, his observations highlight the reality that competency certification enhances an organization's overall competency in addition to being an individual achievement.

In Performance Enhancement Analysis: Organizational Improvement Diagnostic Instruments Documenting Workplace Expertise: According to Richard A. Swanson, competency certification is a key instrument for evaluating organizational performance and is also a way to record workplace expertise. According to Swanson, this kind of certification plays a crucial role in helping workers and their businesses work together to achieve goals that lead to success. By encouraging a culture of professional growth and continual improvement, this observations highlight the reality that competency certification enhances an organization's overall competency in addition to being an individual achievement.

The creation and validation of competency certification frameworks are covered in the research An Examination of the Development and Validation of a Competency Certification Instrument for Continuing Professional Education Directors by Dale P. Brandenburg and C. John Tarter. Their study highlights the meticulous process of developing certification instruments that precisely assess the proficiencies needed by directors of continuing professional education. Because professional responsibilities are complex, this meticulous approach to framework development guarantees that the tools are thorough and dependable.

The importance of competency certification in guaranteeing that professionals fulfill the requirements to succeed in their positions is shown by this study [13]. Kathleen R. Stevens describes competency certification from a health viewpoint in her essay, Implementing Evidence-Based Practice in Healthcare Organizations: A Conceptual Framework. The idea is essential to guaranteeing that medical personnel are capable of delivering evidence-based treatment, claims Stevens.

Clear competency standards serve as a link between theory and practice, providing context for the relationship between competency certification and evidence-based practice. Stevens' research has demonstrated how these qualifications enhance not just the legitimacy of medical professionals but also support the overarching objective of bettering patient outcomes. Health organizations can promote the adoption of evidence-based practices that will improve patient outcomes and treatment by establishing the competency standard and implementing certification programs [14]. This systematic approach gives healthcare organizations a robust framework, ensuring that practitioners and patients alike benefit from high-quality, evidence-driven services. The implementation of competency certification programs in the healthcare industry has demonstrated to other professions how this rigorous certification procedure can foster innovation and quality.

2.2 Challenges in Competency Certification

Competency certification presents a number of challenges, including the challenge of measuring competencies, which introduces subjectivity and inconsistency, making it difficult to quantify qualitative skills where judgments may vary greatly from one assessor to another. These inconsistencies erode the credibility of certification programs and make it difficult for organizations to fully rely on the results. Additionally, it is difficult to design assessment methods that will competently and reliably measure the required competencies, which are typically diverse and complex. An effective assessment must strike a balance between theoretical knowledge and practical application, and requires creative approaches that capture the multifaceted nature of competencies. Additionally, as industry standards are changing quickly, certificates must also adapt to the latest demands. As mentioned in [15], a barrier to consistency and comparability among the many certification programs is the non-standardization of the frameworks of competency and their assessment standards.

Significant differences in the definition, evaluation, and certification of competences arise from the lack of such a standardized framework. The mobility of certified professionals and other opportunities are hampered by this incoherence, which in many instances creates obstacles to the mutual recognition of credentials across sectors and regions. Maintaining competency certification in the face of shifting industry and employment demands is the largest issue. Industry changes are brought about by new markets, developing trends, and technology; as a result, certification requirements need to be updated. Because jobs are constantly evolving, certification programs must constantly adjust to fill skill gaps and ensure professional readiness for new roles. Last but not least, creating and maintaining competency certification programs requires significant time, skill, and financial commitments [16]. Effective certification programs require a lot of study, close coordination with industry professionals, and stringent validation procedures—all of which demand a lot of resources. The expenses are further increased by the need for ongoing monitoring, assessment, and improvement in order to preserve the legitimacy and applicability of these initiatives.

2.3 Certification of Competencies in the United Kingdom

Competency certification in the United Kingdom is a formal process of verifying an individual's ability to carry out specific tasks or responsibilities to an established standard. This process typically involves evaluating and validating a person's knowledge, skills, and expertise against defined criteria. It is widely employed across multiple sectors, including maritime, healthcare, professional services, and finance. For instance, in the maritime sector, individuals can obtain a UK Certificate of Competency (CoC) through the Maritime and Coastguard Agency (MCA), which includes oral examinations and comprehensive assessments [17].

In professional services and finance, organizations such as the Financial Conduct Authority (FCA) implement training and competence frameworks to ensure professionals meet regulatory and qualification standards [18]. Competency certification extends beyond simply earning a credential; it serves as evidence that individuals possess the expertise required to perform their roles effectively and safely.

Employers frequently use competency models to manage workforce data, monitor training progress, and maintain overall employee proficiency. Ultimately, competency certification is integral to maintaining high standards, enhancing safety, and ensuring quality across various industries in the UK [19].

2.4 Competency Certification in Africa

Competency certification in Africa aims to enhance workforce skills and expertise to meet the evolving demands of industries and sectors. As technological advancements and global transformations accelerate, Africa's Technical and Vocational Education and Training (TVET) systems are focusing on developing contemporary qualifications and practical competencies to maintain competitiveness.

Emerging technologies and increasing global integration are reshaping economic structures across the continent. Key sectors, such as information and communications technology (ICT) services and agro-processing, are positioned as pivotal drivers of economic growth. However, despite generating substantial employment opportunities, the impact of these sectors on economic development and youth employment is limited due to widespread skill shortages in African nations. (Brookings, 2020) . A 2018 study found that 86% of African businesses believe aligning educational curricula with economic needs would help them acquire the skilled workforce they require. (IOE/ILO, 2019)Researchers from the University of Cape Town recommend that African countries consistently assess the skill requirements of high-growth sectors to boost competitiveness and mitigate youth unemployment. They also advocate for using these insights to address skill gaps. (Brookings, 2020)

Competency-based education is increasingly gaining traction, with studies examining educators' perspectives and the implementation of competency-based methods in secondary education [20]. UNESCO has emphasized the essential role of competency-based approaches in advancing technical and vocational education in numerous African countries [21].

2.5 Competency Certification in Ethiopia

Competency certification in Ethiopia spans multiple industries, such as coffee export, information and communication technology (ICT), electrical services, and public health. For example, the Ethiopian Coffee and Tea Authority grants Competency Assurance Certificates to coffee exporters to maintain quality standards [22]. Similarly, the Ethiopian Information and

Communication Technology Development Agency certifies ICT professionals, service providers, and trainers, focusing on fostering expertise in the dynamic tech industry. Strict academic criteria are also necessary for certification in the electric industry, which shows that a candidate is on par with the broad underlying knowledge and skills of the trade.

Formal education, such as completing recognized degree programs or electrical-related training courses, is typically required for this purpose. Furthermore, candidates must provide authentic, verified, and cleared credentials that have been approved by the relevant certifying authorities or issuing organizations. The applicable transcripts, university degrees, or other acceptable graduation certificates of successfully finished courses must be included in these credentials. Credentials obtained through this process are also verified by various regulatory and/or certifying bodies to verify that the candidate has not only met the industry's minimum educational requirements but has also passed a number of screening procedures. This procedure protects the integrity of the certification system, which only recognizes experts who meet the necessary qualifications.

Furthermore, because they guarantee that certified individuals have the necessary skills to carry out their responsibilities precisely, including adhering to safety regulations, such strict requirements play a crucial role in building trust among stakeholders, including employers, clients, and regulatory bodies.The electrical profession seeks to guarantee high professional standards, lower risks from unqualified practitioners, and improve the overall dependability and safety of electrical systems and infrastructures by enforcing the academic and credentialing requirements[23]. Additionally, initiatives are in progress to establish core public health competencies in Ethiopia, creating a framework for evaluating the knowledge, skills, and attitudes critical to advancing public health . These certification programs aim to improve workforce capabilities, uphold quality benchmarks, and encourage professional growth across diverse fields in Ethiopia.

2.6 Fraud Detection

Measures to prevent money or assets from being obtained through dishonest means are part of fraud detection [24]. To put it another way, fraud detection is the process of identifying frauds and preventing criminals from unlawfully obtaining money or property. This procedure focuses on identifying and stopping fraud before any malevolent actors may do anything damaging or unlawful. The integrity of organizational processes, regulatory frameworks, and financial

systems all depend on the identification of fraud. Because fraudulent schemes are dynamic and constantly growing in complexity and depth, proactive and flexible detection methods are required. Conventional techniques, such human audits or basic rule-based systems, are ineffective at spotting novel trends and other subtle indications of fraud. To increase accuracy and efficiency, modern fraud detection systems use cutting-edge technology like data analytics, artificial intelligence, and machine learning. Real-time transaction monitoring, behavioral pattern analysis, and the detection of irregularities that can point to fraud are all made possible by these technologies.

An organization can anticipate some threats and take proactive steps to reduce risks when predictive models are integrated. Additionally, fraud detection extends beyond financial contexts to a variety of domains, including identity theft, insurance claims, and certification fraud. In order to maintain the credibility and dependability of the certification process, it becomes crucial to identify practices such as falsifying data in competency certification systems or obtaining counterfeit credentials. Even though fraud detection techniques have advanced significantly, there are still issues to guarantee their efficacy. To prevent needless annoyances, a compromise between strict detection procedures and user convenience should be struck.

In order to keep ahead of any potential threat, stakeholders must collaborate and come up with creative approaches because fraudsters also strive to adapt to new detection methods. In essence, fraud detection serves as the foundation for guaranteeing equity and protecting assets, which in turn builds confidence across many industries. Undoubtedly, the idea is crucial in situations where fraud that goes unnoticed could have a significant negative impact on finances, reputation, and operations. Establishing and maintaining such robust certification programs may be quite challenging for smaller companies or industries with little resources. Competency certification is a helpful tool for maintaining professional standards and

2.7 Neural Networks and Deep Learning

2.7.1 Neural Networks

2.7.1 Neural Networks

Tabular Neural Networks (TNNs) are a different breed of neural network models specifically designed to process tabular data and are usually organized in structured formats such as spreadsheets or databases . Unlike data types such as images or text, tabular data is organized in

a tabular fashion by rows and columns, whereby each row represents an individual record and every column is one particular feature or attribute . TNNs are designed to process this kind of data efficiently by using the relationships inherent in the columns for leveraging, modeling the interaction that is highly complex among features [25].

A principal challenge in handling tabular data lies in its feature heterogeneity. The columns within a table may contain varying data types, such as numerical, categorical, or ordinal values, each necessitating specialized preprocessing techniques [26]. Recent breakthroughs in deep learning have spawned neural networks specially designed for tabular data, although traditional machine learning methods like decision trees and gradient boosting have performed strongly on such datasets.One significant innovation in this area is the introduction of models such as TabNet, which integrates attention mechanisms to dynamically select key features and learn the most pertinent interactions between them [27].

TabNet has shown to surpass traditional models in both accuracy and interpretability, particularly in scenarios involving sparse data or a mix of different feature types [28]. This model utilizes attention over the dataset's columns, allowing it to concentrate on the most informative subsets of features during each stage of the learning process [29]. Moreover, TabNet's architecture incorporates a decision block that mimics the human decision-making process, facilitating the network's ability to capture complex feature relationships .Tabular Typically, neural networks include several layers, each of which designed to learn progressively abstract representations of the input data [30]. The initial layers are focused on capturing low-level feature interactions, while deeper layers uncover more sophisticated, higher-order dependencies [31].

In principle, these nets use activation functions to introduce non-linearity into a model and enable the model to grasp even intricate relationships that may persist in data .Regularization, gradient descent, and backpropagation are some of the techniques used to optimize the training process by minimizing the loss function and adjusting the weights .In contrast to conventional neural networks, which often require extensive feature engineering or preprocessing, TNNs excel in automatically identifying and exploiting relevant feature interactions. This capability makes them particularly valuable in situations where domain knowledge is scarce or when working with large and unstructured datasets [32].

TNNs are powerful tools for uncovering hidden patterns and making precise predictions in applications such as fraud detection, where the interactions among features are often complex and nonlinear [33]. A simple neural network consists of an input layer plus an output layer; however, the networks having more layers are known as DNNs which have gained widespread fame in emulating the activity and response of a human brain for complicated real-world scenarios. The basic model of a single-layer neural network with five inputs is shown in Figure 2

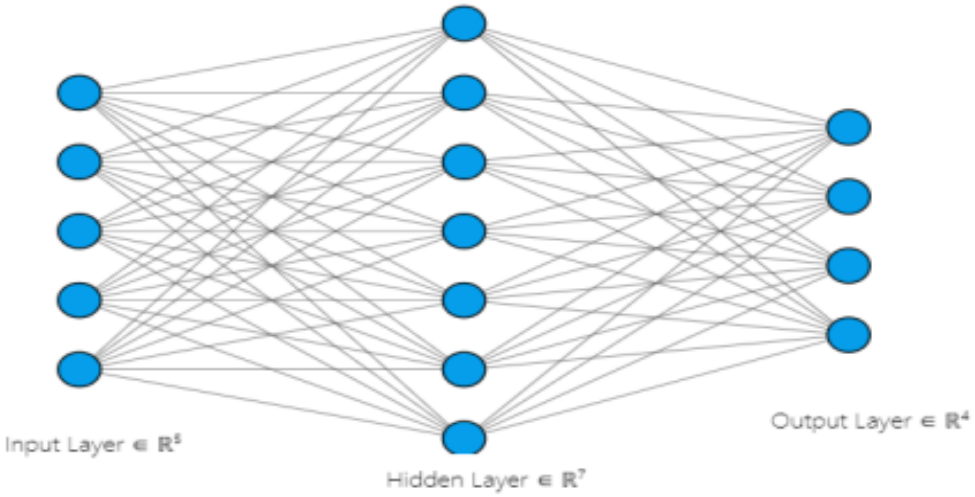

Figure 2.1: Simple Neural Network Example

The input layer forms the first layer, which represents the input values, whereas the computation that takes place in the intermediate levels also known as hidden layers; the last layer forms the output layer and will have the processed values. Weighted input can connect the neurons within the network.

2.7.2 Deep Learning

Neural networks have been a foundational concept in computing since the 1980s and 1990s, drawing inspiration from how the human brain processes information. The advent of deep networks has been enabled by significant improvements in computing capacity and the accessibility of large datasets. These days, neural networks have become a practical solution for addressing real-world challenges. As Dean highlights, the growing revolution in this field stems from two key factors: increased computational power that propels deep learning (DL) research and the abundance of data, which is critical for enabling machines to learn.

These advancements have collectively fueled the modern AI movement. Extensive research underscores the pivotal role of DL algorithms. Alom et al. [34] have highlighted the increasing recognition of DL's impact across areas include image processing, computer vision (CV), speech recognition, cybersecurity, Natural Language Processing (NLP), biomedical imaging, and robotics. As a sub-domain of machine learning (ML), DL has revitalized AI research. While rooted in earlier methods, deep networks—characterized by their multilayered structures—have evolved into a robust tool for ML and AI. These hierarchical structures enable the extraction of increasingly complex information, making DL a transformative approach. Since its emergence, DL has demonstrated exceptional performance in data-driven applications across various domains, often surpassing traditional ML methods. One of DL's defining features is its ability to autonomously extract features from datasets, contrasting with traditional approaches that rely on manually engineered features [35].

The momentum of DL continues to grow, primarily due to its proficiency in feature learning, which eliminates the need for manual feature extraction—a labor-intensive process dependent on domain expertise. By automatically learning data representations during training, DL minimizes human intervention. This process, known as representation learning, enables DL algorithms to uncover underlying structures within data to develop hierarchical representations. Wani et al. [48] emphasize that this approach leverages the input data distribution to discover multiple levels of useful features, with higher-level features building on lower-level ones. This capability eliminates reliance on hand-designed features, allowing DL algorithms to generate their own interpretations and representations of data.

According to Johnson and Khoshgoftaar [36], representation learning is the process by which machine learning approaches convert unprocessed input data into a new feature space, hence enhancing tasks related to detection and classification. Raw data is converted into new representations using non-linear activation functions, which gradually create hierarchical abstractions. A deep network learns intricate, high-level features through iterative compositions of hidden layers as enough input moves through its levels. In their investigation of DL applications for health monitoring systems, Zhao et al. [37] emphasize how representation learning lessens the requirement for substantial human interaction and knowledge.

They further attribute DL's growing popularity to advancements in computational power, expanding data volumes, and ongoing research in DL methodologies. The field continues to evolve rapidly, with new neural network architectures, layer types, and learning techniques

emerging regularly. However, significant opportunities for improvement remain, particularly in areas such as transfer learning, hyper parameter tuning, and managing over fitting through regularization.

2.8 Deep Learning in Fraud Detection

Fraud detection is a very critical function in industries such as finance, healthcare, and public services, whereby fraudulent activities may lead to serious financial losses, legal challenges, and damage to reputation [38]. Traditional fraud detection systems often use either statistical methods or rule-based algorithms, which have problems dealing with big, complicated datasets and adapting to the constantly changing fraud techniques. The use of deep learning can potentially improve both the effectiveness and efficiency of a fraud detection system, since large-scale parameters of data learn features by themselves without explicit. Neural networks with several layers are used in deep learning, a type of machine learning, to model intricate patterns in data.

Deep learning algorithms are used in fraud detection to examine vast amounts of transaction data, identify elusive or subtle trends, and produce predictions that are more accurate.Models such as deep neural networks, convolutional neural networks (CNNs), and recurrent neural networks (RNNs) excel in this domain due to their ability to capture temporal relationships, hierarchical patterns, and complex data interdependencies [39]. The capacity to adjust to new fraud tactics is another advantage of deep learning in fraud detection. Training these models on fresh data continuously improves them. Most significantly, unstructured data types can be effectively handled by deep learning techniques. such as text, pictures, and sequences, which can be used for a number of fraud schemes, such as identity theft, financial fraud, and document forgery.

The best fits for my research are the deep learning models such as TabNet and DNN.To analyze structured data sets such as employee certification records, transaction logs,Detect fraud [40]. These models uncover hidden correlations and anomalies often missed by conventional methods, proving invaluable for identifying fraudulent behavior in competency certifications within the Petroleum and Energy Authority . Furthermore, sophisticated deep learning methods like reinforcement learning and anomaly detection reduce false positives, a common problem in fraud detection systems. Overall, deep learning offers a scalable, adaptive, and efficient

framework for combating fraud in dynamic and complex environments, delivering a significant advantage over traditional fraud detection methodologies [41].

2.8.1 Applications of Deep Learning Models in Fraud Detection

Deep learning provides variety adaptable models tailored to specific fraud detection tasks, each excelling in different fraud scenarios. For example, Convolutional Neural Networks (CNNs), primarily associated with image processing, have proven effective in identifying intricate spatial patterns within structured data. This capability is particularly advantageous for analyzing visual relationships or patterns in data, such as anomaly detection in transaction histories or document evaluation [42]. Similarly, Recurrent Neural Networks, especially Long Short-Term Memory networks are suitable for fraud detection involving sequential data . These models are quite good at grasping temporal dependencies, making them invaluable for monitoring transactions over time and detecting unusual sequences or behaviors. as is often seen in financial operations or login activities [43].

Autoencoders, a type of unsupervised learning model, are another robust tool for anomaly detection. By learning to compress and reconstruct data, they effectively highlight deviations from expected patterns, helping to identify rare or emerging fraud types .

Tabular Neural Networks (TabNNs) introduce a specialized approach to structured data, frequently encountered in fraud detection. Unlike generic neural networks, TabNNs efficiently handle tabular datasets by incorporating attention mechanisms or custom architectures designed for mixed data types, including numerical and categorical inputs [44]. This targeted design enhances performance on tabular datasets, making TabNNs particularly effective for tasks like fraud risk assessment or customer transaction analysis. Furthermore, their capacity to manage imbalanced datasets—a common issue in fraud detection—adds to their utility.

Deep Neural Networks (DNNs), characterized by their multi-layered architecture, are extensively employed across fraud detection applications . These models excel at identifying complex and non-linear relationships within data, leveraging multiple hidden layers to uncover deep, distinguishing features of fraudulent behavior [45]. In applications such as like detecting credit card theft, DNNs analyze diverse features like transaction amounts, locations, and timestamps to detect subtle fraud patterns beyond the scope of traditional techniques.

However, like other deep learning models, DNNs require significant data and computational resources, and their decision-making processes often lack interpretability [46].

Despite their advantages, deep learning models also face notable challenges. They are computationally demanding, necessitating high-performance hardware for effective training and inference, especially for large datasets. Additionally, these models require substantial labeled data for optimal performance, and acquiring balanced datasets of fraudulent and legitimate cases is often difficult. The complexity of deep learning models further complicates interpretability, posing issues for transparency in regulatory and compliance contexts [47]. Nevertheless, the ability of these models to detect intricate patterns makes them indispensable in the dynamic domain of fraud detection.

2.8.2 Relevance of Tabular Neural Networks (TabNet) in Fraud Detection

Tabular Neural Networks, particularly the TabNet architecture, represent a groundbreaking approach in leveraging deep learning for fraud detection. Unlike traditional machine learning models that struggle to interpret complex relationships in tabular data, TabNet employs an advanced attention mechanism [48]. This innovation enables the model to process structured datasets effectively, making it ideal for detecting intricate, non-linear patterns characteristic of fraudulent activities. A key strength of TabNet is its capacity to manage big and diverse datasets, which is crucial in the identification of fraud. Fraudulent behavior often manifests in subtle and irregular patterns, necessitating models capable of identifying complex feature interactions. TabNet achieves this by using its attention mechanism to focus selectively on critical features during training, enhancing both interpretability and efficiency compared to other neural architectures.

Another distinguishing feature is TabNet's inherent interpretability. It not only provides accurate classifications but also highlights the most influential features, addressing the transparency demands of stakeholders [49]. This capability fosters trust and confidence in predictions, particularly in domains like financial fraud detection, where decisions carry significant implications.TabNet also excels in efficiency and scalability. Unlike traditional deep learning models that require extensive preprocessing and hyperparameter tuning, TabNet can process raw tabular data directly. This reduces complexity and makes it suitable for large-scale, real-time fraud detection systems [50].Beyond financial fraud, TabNet's adaptability extends to insurance fraud detection, identity theft prevention, and cybersecurity, all of which rely on structured tabular data. By modeling complex feature interactions and providing transparent

predictions, TabNet stands out as a robust tool for fraud detection and automated decision-making systems.

2.8.3 Challenges in Leveraging Deep Learning for Fraud Detection

There are several significant obstacles to the use of deep learning in fraud detection, particularly with regard to data quality and model interpretability. High-quality, varied datasets are necessary for powerful deep learning models; nevertheless, obtaining such data is frequently problematic in the context of fraud detection: Since fraud incidents are typically few and varied, datasets are greatly unbalanced, with a substantially greater number of valid cases than fraudulent ones. This bias may cause models to identify non-fraudulent cases in a biased manner, thereby reducing their effectiveness in detecting fraud [51].Moreover, the dynamic and varied nature of fraud tactics makes it difficult for a model trained on one type of fraud to perform effectively on others. To mitigate this issue, methods like data augmentation or synthetic data generation can be used to create artificial examples of fraudulent activities.

These approaches can help balance datasets, provide a wider range of fraud patterns for the learning model, and enhance detection performance without relying solely on extensive real-world data. Another key challenge lies in the interpretability of deep learning models. Deep neural networks and other complex structures frequently function as "black boxes," with opaque decision-making processes [52]. Stakeholders in fraud detection, such as regulatory agencies and legal teams, should comprehend the reasoning behind a model's flagging of particular transactions or certifications as fraudulent. By emphasising which features have the biggest influence on a given decision, tools like SHAP (SHapley Additive exPlanations) and LIME (Local Interpretable Model-agnostic Explanations) can shed light on these models [53]. Nonetheless, these methods only partially address the interpretability issue. Balancing the need for transparency to meet regulatory requirements with maintaining model performance remains a formidable challenge in deploying deep learning for fraud detection.

2.9 Related Work

With advancements in deep learning techniques, fraud detection has significantly evolved. Given its critical role in finance, healthcare, and energy, fraud detection benefits greatly from the advanced pattern recognition and predictive capabilities of deep learning (DL) algorithms. Traditionally, fraudulent activity was identified using rule-based systems and statistical methods.

While these approaches were relatively effective, they often struggled to adapt to complex fraud schemes and the evolving nature of fraudulent practices [54]. In the domain of competency certification, where preserving the credibility of qualifications is vital, deep learning has emerged as a transformative tool. Large volumes of certification data may now be processed by a variety of DL techniques including neural networks and custom architectures, which finds anomalies and detects fraud with a far finer resolution than was previously feasible.

The ability of DL models to identify fraudulent patterns in certification documents and associated metadata has been further improved by the development of neural networks. Deception Generally speaking, anomaly detection and classification-based approaches are the two primary trends in detection research. Anomaly detection is particularly adept at uncovering new fraud types by identifying patterns that deviate from established norms [56], while classification methods excel in categorizing activities as either legitimate or fraudulent based on known patterns [57]. This study applies these deep learning methodologies to the specific context of the Petroleum and Energy Authority, addressing unique challenges related to certification fraud in this sector. Some cutting-edge studies on DL-based fraud detection are highlighted in the following sections. Determine research needs and provide a strategy for detecting competency certification fraud that makes use of cutting-edge deep learning models. Machine learning and deep learning approaches have been used in several studies across a variety of industries to enhance fraud detection systems.

A self-supervised learning framework has been presented by Hae Rang Roh and Jong-Min Lee [1] to address some of the difficulties found in chemical process defect diagnostics. Given the complexity of process dynamics and the typical lack of labeled data, fault diagnosis is a crucial component of safety and efficiency in the field of chemical processes. Nevertheless, it frequently faces significant challenges. However, conventional methods have limitations in terms of scaling and their capacity to handle high-dimensional multivariate data sets, which are typical in industrial applications. They are also only partially effective. Their methodology improves fault detection performance by incorporating Long Short-Term Memory for temporal data compression and TabNet, a tree-based deep learning network.

The framework may understand temporal relationships and structural patterns in the data by embedding these models, which are still significant obstacles for conventional approaches. Better diagnostic precision is ensured while maintaining model interpretability because to TabNet's capacity to focus on prominent characteristics and LSTM's prowess in sequential data

analysis. Their results highlight the benefits of using unlabeled process data to enhance interpretability and diagnostic performance, particularly in situations where labeled data is scarce. Reliance on self-supervised learning lessens the need for a lot of labeled data, which in industrial contexts can be prohibitively costly and time-consuming to get.

By utilizing unlabeled data, the framework improves diagnostic efficiency and is therefore suitable for a variety of applications where the lack of labeled data is a challenge. While demonstrating excellent diagnostic accuracy and identifying critical aspects that are crucial for defect detection, the study also highlights the drawbacks of conventional approaches, such as their inability to interpret models. Despite being computationally efficient, traditional models frequently function as "black boxes," making it challenging to comprehend how they arrive at conclusions. In order to help domain experts derive actionable insights and improve process reliability, TabNet's interpretability guarantees that crucial features impacting the diagnosis are readily recognized. Future research might concentrate on improving TabNet for multivariate time-series applications and honing root cause analysis.

Improving root cause analysis would provide more accurate remedial solutions by deepening the understanding of underlying defect processes. Furthermore, extending TabNet's applicability to a larger range of industrial processes through optimization for multivariate time-series data could address a variety of diagnostic difficulties in different industries. The architecture proposed by Roh and Lee demonstrates that this defect diagnostic methodology has advanced to a new level where complex deep learning models and self-supervised learning are integrated to overcome previously unthinkable obstacles.

Thus, their study helps to direct future research in the field, with a greater focus on striking a balance between diagnostic performance, model transparency, and adaptability.A taxonomy of common anomaly patterns that are applicable across domains, acquisition techniques, and cleaning goals was presented by Dina Sukhobok, Nikolay Nikolov, and Dumitru Roman [2] in order to resolve data anomalies in tabular datasets. Data anomalies present serious difficulties for data analysis, modeling, and decision-making processes because they frequently result from errors, abnormalities, or inconsistencies in datasets.

The authors offer an organized framework for recognizing and comprehending these abnormalities by classifying anomaly patterns, irrespective of the field or technique of data collection. For the purpose of standardizing anomaly detection and repair activities across many

applications, this taxonomy is an essential tool. They unveiled Grafterizer, a framework made to use preset processes to automate data-cleaning tasks.

This creative framework is a prime example of the increasing trend in data preparation toward automating time-consuming procedures. Grafterizer streamlines the conversion of raw datasets into clean, analysis-ready formats by utilizing established processes to increase efficiency and reduce the possibility of human mistake. Because of its adaptable modular construction, it can be used for a variety of anomaly types and cleaning goals.Their research demonstrates how the absence of uniformity in anomaly definitions impedes sophisticated comparisons and advancements in data-cleaning technologies.

There are differences in how anomalies are recognized and handled due to the lack of widely agreed-upon terminology, which results in disjointed methods and poor reproducibility. This lack of standardization limits the development of more reliable and efficient systems by making it difficult to benchmark various data-cleaning techniques. To promote cooperation and creativity in this area, it is crucial to establish shared definitions and standards for anomalies. Their research demonstrates how the absence of uniformity in anomaly definitions impedes sophisticated comparisons and advancements in data-cleaning technologies.

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Chang Yu, Yongshun Xu, Jin Cao, Ye Zhang, Yixin Jin, and Mengran Zhu [3] introduced a novel Transformer model to identify credit card fraud. A crucial component of financial security is credit card fraud detection, which calls for sophisticated techniques that can spot fraudulent activity instantly. Using cutting-edge machine learning techniques, the authors' presentation of a transformer model shows a substantial improvement in handling the difficulties of this domain.

They used the self-attention mechanism to handle the issues of high-dimensional data, long-range relationships, and dataset imbalance. A very low number of fraudulent transactions relative to legitimate ones typically indicates dataset imbalances, which makes identification extremely difficult. Transformer models' built-in self-attention processes are ideal for capturing relationships in the data, including feature interactions and temporal dependencies. This inherent

ability to handle high-dimensional data allows the model to identify patterns even in cases when the data distribution is extremely sparse or unbalanced. The incapacity of conventional techniques like logistic regression, random forests, and support vector machines to adjust to the evolving trends in fraud. Traditional models find it challenging to adjust to the rapidly changing patterns of fraudulent behavior. Even though these traditional methods work well on static datasets, they typically lack the agility and flexibility required to counter new fraud tactics. With its capacity for dynamic learning, the Transformer model gets beyond these restrictions by consistently identifying new patterns and irregularities in the data. In terms of precision, recall, and F1 score, the Transformer model scored better than the other models, suggesting that it is a viable substitute.

These performance measures highlight how well the Transformer model balances the trade-off between minimizing false negatives (recall) and properly recognizing fraudulent transactions (precision). Its total dependability is further demonstrated by its excellent F1 score, which makes it an extremely attractive substitute for conventional fraud detection techniques.

Future research might focus on improving Transformer structures, introducing hybrid models, and branching out into more financial security and fraud detection application areas. Transformer architecture optimization may entail adjusting the structure or fine-tuning hyperparameters to better suit particular fraud detection applications. Hybrid models that combine Transformers with ensemble techniques or graph-based methods may improve resilience and adaptability even more. Additionally, the influence of such models on financial The classic image-based anomaly detection AnoGAN framework was expanded to tabular data by Pavan Reddy and Aditya Singh [4].

Despite the widespread use of tabular data in a number of industrial verticals, including manufacturing, healthcare, and finance, there was a sizable research gap that needed to be filled by the machine learning community. This modification demonstrates the wide range of applications and adaptability of GANs to a number of other anomaly detection tasks outside of those that the models are typically used for. Their method tackles problems with data imbalance, prediction randomness in the generative model, and ideal thresholds for anomaly identification. Most anomaly identification difficulties in tabular datasets have an inherent class imbalance, with a small number of abnormal cases compared to a large number of normal data points. This could have an impact on the detection findings' dependability, which is made more difficult by the generative model predictions' randomness. Moreover, choosing the optimal thresholds is vital

in anomaly classification, as it may considerably decrease both false positives and false negatives. Their approach greatly increases anomaly detection's robustness and dependability with these improvements.Their approach outperformed several conventional techniques like KNN and OCSVM thanks to noise vector optimization and ROC-based threshold tweaking. By improving the model's generative process, noise vector optimization produces more consistent and significant results. By using a methodical approach to threshold selection in classification, ROC-based threshold tuning maximizes true positives while minimizing false alarms. Accuracy and efficiency will be better than those achieved using traditional methods, such as K-Nearest Neighbors or One-Class Support Vector Machines, which have significant issues with scalability and adaptability.

Additional investigation can focus on improving compatibility with categorical data, adapting dynamic datasets, and integrating domain knowledge. Enhancing the interpretability of the model outputs to capture intricate patterns of certain industries or applications can be achieved by including domain-specific information. Adapting to dynamic datasets would allow the model to handle real-time data streams and evolving data patterns, making it appropriate for contexts that change quickly. This framework would become a more comprehensive and universal tool for anomaly identification if it were further developed to be compatible with categorical data, which frequently defines tabular data sets.

The ability to apply sophisticated machine learning frameworks to novel data modalities, solving difficult issues and serving as a guide to more recent advancements, is best illustrated by the work of Reddy and Singh. This demonstrates how critical it is to better shape emerging technologies for application to meet the needs of complicated real-world data while improving performance and adaptability.

A methodology for detecting anomalies in tabular datasets was proposed by Hugo Thimonier, Fabrice Popineau, Arpad Rimmel, and Buch-Liên Doan [5]. Given the unique difficulties presented by tabular datasets, which typically consist of a variety of feature types with varying sizes and intricate connections, this represents a significant advancement in anomaly detection. This invention highlights the increasing demand for specific methods tailored to the complexity of structured data. It simultaneously represents feature-feature and sample-sample dependencies via non-parametric transformers. Through the joint modeling of feature-feature interactions and sample-sample correlations, the framework enables a comprehensive comprehension of the data's structure. Its dual representation capabilities distinguishes it from

other traditional approaches, which typically examine these dependencies independently, hence reducing their potential to identify subtle patterns and anomalies in the dataset. By accounting for the interactions between these features, this method outperformed state-of-the-art F1-score and AUROC performances on 31 benchmark datasets, whereas previous methods handled them separately. Strong performance over a wide range of datasets is demonstrated by the framework's ability to balance precision and recall, as evidenced by high F1-scores and AUROC values.

The model's promise as a trustworthy anomaly detection tool is shown by testing it on 31 benchmark datasets, which further confirms its generalizability and adaptability to a variety of applications.High-dimensional data raises concerns about computing scalability even while it is resistant to small contamination in a dataset. Big or complex data utilization is practically limited since the computing cost increases significantly for high-dimensional data, even though the approach is robust when working with data that contains only a small percentage of noise or tainted values. It is obvious that these scaling issues are critical to the large-scale implementation of this strategy in the actual world.

A Credit Card Fraud Detection using TabNet Hikmat Ullah Khan, Iqra Malik, and Fawaz Khaled Alarfaj [6] The adopting of cashless payment methods, such as credit card payments and online transactions, has significantly enhanced the payment experience and added convenience to our daily lives. However, with the increase in cashless payment usage, financial fraud has become more sophisticated, posing a significant challenge to the security of these payment systems. In response, machine learning-based approaches have gained popularity in fraud detection. In this research paper, we propose the application of a deep tabular learning model, TabNet, for classifying transactions into fraudulent or non-fraudulent categories.

TabNet utilizes a sequential attention mechanism to learn from tabular data. It comprises a series of decision steps where each step selects relevant features and updates the internal representation of the data. This mechanism enables the model to effectively capture complex, non-linear relationships between features, making it highly effective for fraud detection. The utilization of TabNet in fraud detection can contribute to strengthening the security of the payment system and reduce the chance of financial fraud.

To evaluate the efficacy of our proposed approach, we conducted experiments on three widely used credit card fraud datasets, including the MLG-ULB dataset, the IEEE-CIS Fraud dataset, and the 10M dataset. Our experiments revealed that TabNet outperforms the state-of-the-

art approaches across all three datasets, demonstrating its robustness and effectiveness in detecting fraudulent transactions.

Sá, Pedro Nuno Cazegas Pimenta de Orientador: Henriques, Jorge Manuel Oliveira Brandão, Susana Dias [7]. The constant innovation in the global technological landscape is driving companies and institutions to establish themselves in the digital space. This trend is particularly evident in the payments industry, given the recent rise in the popularity of online shopping and cardless transactions. While there is a strong appeal for adopting digital and automated payment infrastructures, this also opens new avenues for criminal activity. Financial fraud is a major concern for financial institutions, and recent advancements in fraud prevention systems are quickly overshadowed by increasingly sophisticated fraudulent schemes. Financial fraud has resulted in global losses exceeding one trillion dollars [Bank, 2021], posing a significant vulnerability for financial institutions.

Manual fraud detection systems are becoming obsolete as they fail to keep up with smarter criminals and the growing influence of big data. Naturally, Machine Learning stands out as a promising solution due to its automation and intelligence capabilities, particularly in detecting patterns within data. The literature highlights that both tree-based methods and Deep Learning are widely used in fraud detection, though there is ongoing debate about why tree-based methods consistently outperform Deep Learning for tabular data.

In this thesis, we investigate the performance differences between tree-based algorithms and Deep Learning models for tabular data, with a particular focus on fraud detection. We examine tree-based methods such as Gradient Boosting Decision Trees (GBDT) and recent Deep Learning algorithms for tabular data. We explore potential reasons for the performance gap by applying various transformations to real-world payment industry data, aiming to either widen or reduce the gap.

Our results suggest that this performance disparity arises from a mismatch between the underlying assumptions of Deep Learning algorithms and the characteristics of tabular data: (i) neural networks distort the irregular patterns present in tabular data, and (ii) in tabular datasets, the target variable is typically dependent on only a small subset of features. Among the latest algorithms, we demonstrate that TabNet and FT-Transformer share some similarities with tree-based methods, enabling them to learn feature representations that better align with the properties of tabular data.

The ensemble deep learning model proffered by the paper, Nabanita Das and Bikash Sadhukhan [8], can give more power in detecting financial fraud within the Bitcoin network. Being an innovative solution made by combining some deep learning techniques, it improved the detection ability of fraudulent transaction in the bitcoin network by maximizing the unique capacities of each technique. It provides a model that could be used to enhance the resilience and security of the financial system through the application of deep machine learning techniques on blockchain-based transaction data-a major need in view of the expanding digital economy.

The concept incorporates modern machine learning techniques into blockchain-based transactions, therefore increasing the security of the financial system. It extends its potential by deep learning predictive and analytical algorithms with the transparent and impenetrable nature of blockchain technology. It hence gives significantly better protection against financial fraud through the detection of those complicated patterns of fraud that previous techniques most likely wouldn't have found; its drawbacks being interpretability for the ensemble model, scalability to larger and more varied datasets than Bitcoin, and additional scaling. Though the idea sounds somewhat promising within the Bitcoin ecosystem, various factors within the system scale down its feasibility in a wider financial implementation system. Besides, there is a scaling problem: the more and more heterogeneous data the model uses, the more computation needs to be done, with simultaneous algorithmic improvements.

In this regard, the low interpretability of ensemble deep learning models often causes problems for various stakeholders who rely on lucid insights to understand how decisions are made for reasons related to responsibility and trust-building. Adaptive learning methods that could monitor newly emerging forms of financial fraud and improve explainability for stakeholder trust can be a subject of future research. Lastly, the usage of adaptive learning techniques would help the model to constantly adapt to new fraudster strategies and ensure its continued relevance due to the dynamic nature of the threats.

For enhanced explainability, sophisticated attention mechanisms or feature importance techniques are required, which provide more knowledge to the model black box and demand more regulatory trust from stakeholders. Vadim Borisov , Tobias Leemann , Kathrin Seßler Martin Pawelczyk , Johannes Haug , and Gjergji Kasnec [9] Heterogeneous tabular data are the most commonly used form of data and are essential for numerous critical and computationally demanding applications. On homogeneous datasets, deep neural networks have repeatedly shown excellent performance and have therefore been widely adopted. However, their adaptation to

tabular data for inference or data generation tasks remains highly challenging. To facilitate further progress in the field, this work provides an overview of state-of-the-art deep learning methods for tabular data. We categorize these methods into three groups: data transformations, specialized architectures, and regularization models. For each of these groups, our work offers a comprehensive overview of the main approaches. More over, we discuss deep learning approaches for generating tabular data and also provide an overview over strategies for explaining deep models on tabular data. Thus, our first contribution is to address the main research streams and existing methodologies in the mentioned areas while highlighting relevant challenges and open research questions.

Our second contribution is to provide , and sparse categorical features. Furthermore, the correlation among the features is weaker than the one introduced through spatial or semantic relationships in image or speech data. Hence, it is necessary to discover and exploit relations without relying on spatial information [9]. Therefore, Kadra et al. [10] called tabular datasets the "last unconquered castle" for deep neural network models. an empirical comparison of traditional machine learning methods with 11 deep learning approaches across five popular real-world tabular datasets of different sizes and with different learning objectives.

Our results, which we have made publicly available as competitive benchmarks, indicate that algorithms based on gradient-boosted tree ensembles still mostly outperform deep learning models on supervised learning tasks, suggesting that the research progress on competitive deep learning models for tabular data is stagnating.

To the best of our knowledge, this is the first in-depth overview of deep learning approaches for tabular data; as such, this work can serve as a valuable starting point to guide researchers and practitioners interested in deep learning with tabular data. Pooja Singh and Subhash Chandra Jat [10] explored methods to detect financial fraud in statements, aiming to minimize investment losses and uncertainties while maximizing benefits for investors and borrowers. They employed deep learning approaches, particularly for online transactions. Gaps in their research include the scalability of the methods for handling large transaction volumes and improving model interpretability. Future directions involve leveraging new algorithms to enhance accuracy, efficiency, and real-time processing capabilities, as well as testing interpretability to build stakeholder confidence.

Meiying Huang, Wenxuan Li [11] With the rapid development of Internet technology and the rapid progress of the financial industry, fraud is causing more and more damage, which not only brings huge losses to enterprises, but also has a significant impact on corporate image. Therefore, detecting fraud is an important topic. At present, there are roughly two methods to detect fraud. One is to establish corresponding standards in the financial field for manual detection. The defects of this method are slow detection speed, lagging update and high false positive rate. Another method is automatic recognition of the machine.

However, the disadvantage of this method is that when the machine runs stably, too many will cause great pressure to the machine. Therefore, in recent years, with the application of artificial intelligence in the financial field, the application of artificial intelligence method in fraud detection has great potential. At present, the mainstream intelligent methods for fraud detection include convolutional neural network (CNN) and support vector regression (SVR). However, these methods are not interpretable in tabular data model, we proposed a feature-based deep learning regression model that can directly deal with tabular data. In order to verify the effectiveness of this model, we conducted an experiment on a real transfer record of a mobile payment company with the proposed method and mainstream method. The results show that the model has a good performance in detecting fraudulent behavior and verifies the feasibility of the model.

A case study of card transactions was used by Robert R. Sulit [12] to explore some deep learning algorithms in fraud detection at e-commerce platforms. Identified research gaps include ethical concerns around deep learning, integrating human expertise with algorithms, and hybrid approaches. Suggested future work includes verifying model limitations, comparing fraud detection techniques, and studying the adaptability of models to evolving fraud patterns. Seyedeh Khadijeh Hashemi, Seyedeh Leili Mirtaheri, and Sergio Greco [13] investigated fraud detection model performance optimization through Bayesian hyperparameter tuning and addressing unbalanced data challenges. Making use of machine learning methods like XGBoost, CatBoost, and LightGBM, they introduced a voting mechanism to improve model performance. Gaps include ethical implications, biases in model deployment, and limited generalizability across domains. Future research will explore hyperparameter weight tuning, group learning frameworks for unbalanced datasets, and features to maintain data integrity.

Boomiga S.S., Ramanathan Udayakumar, and Dr. Sugumar [14] Deep learning for cybersecurity and financial fraud detection and categorisation is the proposed Deep Fraud Net. Research has demonstrated that Deep Fraud Net performs better than other models demonstrated effectiveness in both detection and classification. dishonest behaviour. Among the gaps is a discussion of the difficulties and restrictions associated with applying deep learning techniques, discussing the interpretability and transparency of the framework, and considering ethical considerations. Future work will involve addressing various challenges in the availability, acquisition, and diversity of datasets; hence, collaborating with a financial institution to improve fraud detection.

Ramanathan Udayakumar, Dr. Sugumar, and P. Bharath Kumar Chowdary [15] enhanced fraud detection in financial transactions by integrating two machine learning models: SVM and FFNN. This work considers the problem of class imbalance and thus gives hope for better fraud detection accuracy and precision. These include the fact that the model trains and is tested on historical data, limiting its adaptability to new fraud patterns, and the interpretability of the integrated model has not been explored. Future work could be the investigation of real-time fraud detection capabilities, adapting the model to dynamic fraud patterns, and ensuring proactive fraud prevention strategies.

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Table 2.1 A review of the mentioned research papers

no	Title	Main Concept of the Research	Research Gap	Future Work
1	Autonomous TabNet-Based Fault Identification in Multivariate Time-Series Process Data without	suggests a self-supervised defect diagnostic model for chemical processes that compresses temporal information using an LSTM encoder in conjunction with TabNet.	Existing approaches lack the ability to handle multivariate time-series data effectively and struggle with lack the ability to model results.	Further investigation into identifying root causes of faults, enhancing TabNet's performance for multivariate time-series data, and improving interpretability.
2	Tabular Data Anomaly Patterns	Investigate common data anomalies in tabular data, propose a taxonomy of anomaly patterns, and introduce Grafterizer, a data-cleaning framework.	Existing literature lacks a unified and standardized approach to defining tabular data anomalies, making tool comparison and improvement challenging	Develop scalable solutions for big data back-ends, enhance usability with visual data profiling, and introduce spreadsheet-like interactivity in Grafterizer.
3	Detecting Credit Card Fraud with an Advanced Transformer Model	Leverages feature correlations and self-attention in Transformers for fraud detection..	Challenges include high-dimensional data, long-range dependencies, and imbalance.	Refine Transformers, optimize architectures, and boost resilience for fraud detection.
4	AnoGAN for Tabular Data: A Novel Approach to Anomaly Detection	Extends AnoGAN from image-based anomaly detection to tabular data analysis.	Key challenges: adapting GANs for tabular data, handling imbalance, and defining anomaly thresholds.	Enhance domain knowledge, refine thresholds, support categorical data, and adapt to dynamic datasets.
5	Extending Individual Input to Detect Deep Anomalies in Tabular Data	uses Non Parametric Transformers (NPTs) to utilise feature-feature and sample-sample interdependence in a revolutionary deep anomaly detection technique.	Existing methods for tabular data focus on either feature-feature or sample-sample dependencies, neglecting the combined modeling of both relationships.	Explore scaling NPT-AD for larger datasets, optimize computational efficiency, and adapt the approach for real-time anomaly detection in dynamic environments.
6	Credit Card Fraud Detection using TabNet	TabNet applies a **sequential attention mechanism** to enhance **feature selection** and **classification accuracy** in **credit card fraud detection**, capturing complex data patterns effectively.	Existing models face challenges in **feature selection and interpretability**. The study does not explore **hybrid models**, **adversarial robustness**, or **real-time deployment**.	Enhancing TabNet with **ensemble learning**, **adversarial training**, and **real-time fraud detection** for practical financial system integration.

no	Title	Main Concept of the Research	Research Gap	Future Work
7	Fraud detection with algorithms for tabular data	Comparison of **tree-based models** (e.g., Gradient Boosting Decision Trees) and **Deep Learning models** (e.g., TabNet, FT-Transformer) for **fraud detection in tabular data**, analyzing their performance differences.	Deep Learning struggles with **irregular patterns** in tabular data and relies on a **limited set of features**, leading to a performance gap with **tree-based models**, which remains unresolved.	Enhancing Deep Learning for tabular data by **refining feature representation**, using **hybrid models**, and improving **adaptability** for better fraud detection accuracy.
8	Improving Bitcoin Network Financial Fraud Detection using Ensemble Deep Learning	Enhances fraud detection in Bitcoin networks using ensemble DL models	Scalability and applicability to larger datasets, model interpretability	Adaptive learning mechanisms, exploring model interpretability
9	Deep Neural Networks and Tabular Data	Summary of deep learning methods for tabular data, covering **data transformations, architectures, regularization, generation, and interpretability**.	Enhancing deep learning for tabular data by improving **architectures, feature representation, and interpretability** to bridge the gap with tree-based models.	Advancing deep learning for tabular data by refining **architectures, feature representation, and interpretability** to match tree-based models.
10	A Survey Using Deep Learning Techniques to Identify Financial Fraud	Develops fraud detection methods in financial statements using DL to minimize losses and uncertainties	The scalability of detection techniques and the interpretability of the model.	Integrating innovative algorithms to improve scalability and enable real-time processing.
11	Financial Fraud Detection Using Deep Learning Based on Modified Tabular Learning	Feature-based deep learning model for fraud detection, enhancing interpretability in tabular data.	Existing methods (CNN, SVR) lack **interpretability** in tabular data, affecting transparency and trust in fraud detection models.	Enhancing **model interpretability** further, optimizing **feature selection**, and improving **real-time fraud detection accuracy**.
12	Deep Learning Integration for Fraud Management and Detection in E-Commerce Platforms	Analyzes DL techniques for fraud detection in e-commerce platforms	Ethical considerations, integration of human expertise with DL algorithms	Exploring model limitations, comparing different DL techniques, adaptability to evolving fraud patterns.
13	Machine Learning Techniques for Banking Data Fraud Detection	Optimizes fraud detection models using Bayesian optimization and class weight-tuning for unbalanced data	Ethical implications and biases, generalizability to other domains	Exploring weight-tuning hyperparameters, implementing a group learning framework.
14	Deep Fraud Net: A Deep Learning Method for Financial Fraud Detection	Develops Deep Fraud Net using DL techniques for cybersecurity and financial	Practical challenges, model interpretability, ethical implications	Addressing training data challenges, acquiring diverse datasets, partnerships

no	Title	Main Concept of the Research	Research Gap	Future Work
	and Cybersecurity	fraud detection		with financial institutions
15	Fraud Detection in Banking Financial Transactions Using Integrated SVM-FFNN	Enhances fraud detection using integrated SVM and FFNN models, addressing data imbalance and feature selection	Reliance on historical data, model interpretability	Investigating real-time fraud detection capabilities, enhancing proactive fraud prevention strategies.

CHAPTER 3

METHODOLOGY

3.1 Overview

The suggested method for identifying phony competency certifications inside the Petroleum and Energy Authority is thoroughly explained in this chapter. Data preparation, feature extraction, model selection, and the following training and assessment of deep learning models are all crucial steps in the detection process. The training phase and the testing phase, which evaluate the models' overall performance, are the two main stages of the system's implementation.

The research process begins with the careful acquisition of relevant data from the Petroleum and Energy Authority, emphasizing competency certification records and associated metadata. A critical subsequent phase involves extensive data preprocessing, which includes partitioning the dataset into training, validation, and testing subsets, alongside procedures such as data cleaning, normalization, and encoding. Leveraging their capability to efficiently process structured tabular data, advanced deep learning architectures like TabNet and DNN are employed.

To achieve optimal performance, these models undergo training using techniques such as cross-validation and batch training. During the evaluation phase, a variety of metrics—including accuracy, precision, recall, and AUC-ROC—are utilized to assess the models effectiveness. Further improvements are achieved through feature optimization and hyper parameter refinement tuning to ensure superior outcomes. The findings are systematically analyzed and visually represented through appropriate graphical tools. The research concludes with a summary of key insights, practical recommendations for implementing fraud detection in real-world scenarios, and proposals for future research directions.

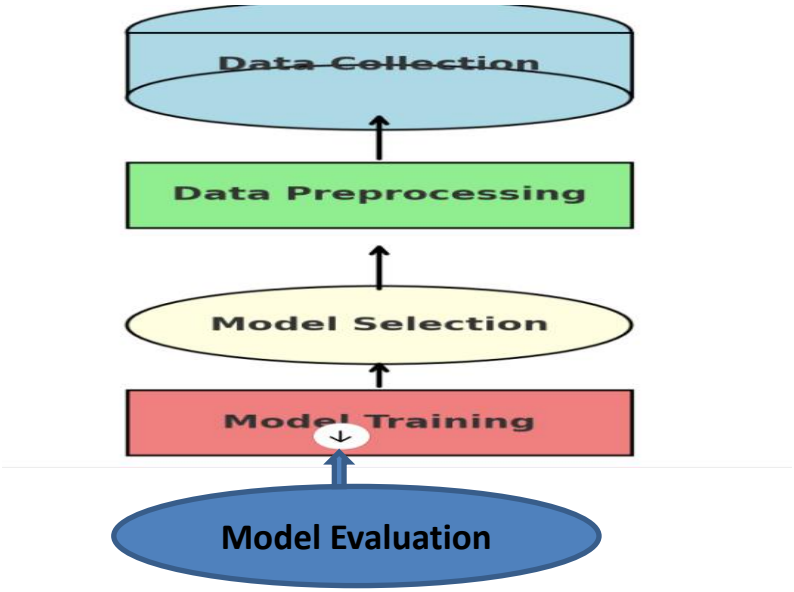

Figure 3.1 General Process of Fraudulent Certification Detection System Using Deep Learning

3.2 Data Collection and Pre-processing

This section details the methods employed to acquire and prepare the dataset for the effective training, validation, and assessment of models for deep learning.

3.2.1 Data Collection

The dataset used in this investigation was obtained from the Energy and Petroleum Authority (PEA) and comprises critical records associated with competency certifications issued by the organization. These records form the foundation for the study, offering valuable insights for identifying patterns and detecting anomalies that could signal fraudulent certification activities. The dataset's structured and comprehensive nature enables a thorough analysis of certification-related processes, supporting the creation and assessment of deep learning models for detecting fraud. With 9,000 entries, the dataset provides a diverse and robust representation of the certification framework, capturing various patterns and intricacies. Its size ensures the inclusion of comprehensive trends, aiding in the accurate identification of irregularities within the certification system.

The dataset includes attributes divided into numerical and categorical features, thoughtfully chosen for their relevance in fraud detection. Numerical features, such as certification duration, issue dates, and expiry dates, serve as measurable metrics essential for spotting anomalies. For instance, certifications with abnormally short durations or inconsistencies between issue and expiry dates may indicate fraudulent activities. Conversely, descriptive attributes like

certification type and status are included in categorical features. (e.g., active or revoked). These features provide contextual information, enabling the analysis of patterns like certification type distributions or anomalies, such as a disproportionate number of revoked certifications within a specific timeframe. Together, these features are integral to uncovering fraud-related patterns in competency certifications.

The dataset is kept in a format called CSV, which is a popular standard for processing and storing structured data. The CSV format's simplicity and compatibility facilitate seamless integration with pre-processing tools and machine learning platforms.This ensures efficient data cleaning, manipulation, and utilization for building predictive models using deep learning techniques such as TabNet and DNN. By leveraging this dataset, the research aims to establish a dependable and scalable framework for detecting fraudulent activities in competency certifications within the Petroleum and Energy Authority. The certification process's dependability and integrity are guaranteed by this program.

Table 3.1 Description of the dataset

No.	Total Dataset Collected	Datasets for Training	Datasets Testing
1	9,000 (certified companies, complete with their certification details.)	6,300	2,700

3.2.2 Data Pre-processing

To optimize the dataset for deep learning models focused on detecting fraudulent activities in competency certifications, a series of pre-processing steps were conducted. These measures addressed data quality issues, ensured uniformity, and enhanced the dataset's suitability for efficient model evaluation and training.

Handling Missing Data

The dataset, obtained from the Petroleum and Energy Authority (PEA), contained both numerical and categorical features crucial for fraud detection. However, missing values in certain entries posed a challenge to model performance. To address this, imputation techniques were applied.

Numerical Features: Missing values in attributes such as certification duration and timestamps were replaced using the mean for normally distributed features. and the median for skewed distributions, thereby minimizing the influence of outliers while preserving data integrity.

Categorical Features: For variables like certification types and statuses, missing values were filled with the mode (the most frequent category). This ensured alignment with dominant trends and avoided significant distortions in data distribution. These imputation methods reduced data loss and maintained dataset consistency, providing a solid foundation for analysis without introducing bias.

Feature Encoding

The dataset's mix of categorical and numerical features necessitated encoding to transform categorical variables into numerical formats compatible with deep learning models:

One-Hot Encoding: Applied to nominal features, such as certification types, this method created binary columns for each category. It preserved the independence of categories without implying any ordinal relationships.

Label Encoding: Used for ordinal features, such as certification levels (e.g., beginner, intermediate, expert), this technique assigned unique integers to each category, reflecting their hierarchical order while preserving semantic meaning.

These encoding techniques ensured that categorical features retained relevance and interpretability while remaining compatible with numerical processing requirements..

Normalization

This study, which focuses on identifying fraudulent activities in competency certifications, utilized Min-Max scaling to normalize continuous numerical features such as certification durations and dates. By transforming these features to a [0, 1] range, uniformity across all numerical attributes was achieved. Normalization was a critical pre-processing step, given the sensitivity of deep learning models to feature magnitudes. Without this adjustment, attributes with larger values, such as time-based metrics, could overshadow smaller-scale features, potentially skewing the learning process. Standardizing feature scales enabled the models to better detect patterns, improving both training accuracy and convergence speed. Furthermore, this approach optimized gradient descent by maintaining numerical stability throughout the learning phase.

Data Splitting

In accordance with accepted machine learning techniques, the dataset was split into two separate subsets to facilitate the development and comprehensive assessment of predictive models.

- Training Set (80%): This section, which makes up 80% of the dataset, was used to train deep learning models, which enabled them to find complex patterns and link the data.

- Testing Set (20%): The final 20% was set aside just for evaluating the trained models' performance. This subset was kept secret until training was finished so that the models' ability to identify fraudulent activity in practical applications could be impartially and objectively assessed.

This data-splitting approach, grounded in advanced machine learning frameworks (Goodfellow et al., 2016), ensured a solid basis for model development while improving the reliability and practicality of the predictions.

3.3 Deep Learning Model Selection

This study aimed to determine the most appropriate deep learning model for identifying fraudulent competency certifications within the Petroleum and Energy Authority. Given the dataset's tabular structure, the selection process prioritized models capable of handling structured data efficiently while ensuring high accuracy, interpretability, and computational performance. Two models were assessed: TabNet and a general-purpose Deep Neural Network (DNN). Ultimately, TabNet was chosen as the optimal model for this research due to its specialized design for tabular data and its ability to provide insightful explanations for its predictions.

3.3.1 TabNet

A deep learning model designed especially for tabular data is called TabNet. TabNet uses an attention method to dynamically focus on the most pertinent aspects, in contrast to traditional models that handle tabular data generically. This method improves the model's interpretability and efficiency, which makes it especially useful for tasks involving fraud detection.

For this research, TabNet proved advantageous in detecting fraudulent competency certifications by identifying subtle patterns within the dataset. TabNet was selected for its exceptional interpretability, superior performance with tabular data, and its advanced attention mechanism, making it ideal for detecting fraudulent certifications. Fraud detection requires not only accuracy but also transparency, ensuring stakeholders understand the rationale behind predictions. TabNet achieves this by highlighting the most influential features for each decision, fostering trust in its outcomes. This transparency is critical in sensitive domains such as fraud detection, where justifiable decisions are paramount. TabNet's architecture is specifically optimized for structured datasets, enabling it to effectively identify relationships and patterns that other deep learning models may overlook. Its capacity to leverage feature relationships enhances predictive accuracy significantly.A key advantage of TabNet is its built-in attention mechanism, which dynamically

prioritizes the most relevant features during training. This ensures the model focuses on essential data aspects while disregarding irrelevant information.

Such capability is invaluable in fraud detection, where complex and subtle feature interactions often define fraudulent behaviour. Moreover, this mechanism enhances computational efficiency by reducing reliance on extraneous features. In performance testing, On the test dataset, TabNet produced an astounding accuracy of 95.33%, matching the DNN model's performance. However, TabNet's advantages in interpretability, feature prioritization, and compatibility with tabular data made it the superior choice for this study. Its combination of accuracy and transparency ensures reliability and practical utility for detecting fraudulent competency certifications in the Petroleum and Energy Authority's operations.

3.3.2 Deep Neural Network (DNNs)

Deep Neural Architectures (DNAs) represent a sophisticated class of advanced learning systems characterized by multiple interconnected layers of computational units. These layers collaborate to uncover intricate patterns within datasets, where the input layers focus on acquiring data, the hidden layers perform feature extraction and transformation, and the output layers generate predictive outcomes. Although DNAs are versatile and find applications across numerous fields, they are inherently less suited to tabular datasets. Nevertheless, with meticulous pre-processing and advanced feature engineering, they can achieve impressive efficacy when applied to structured data. This research employed a DNN model as a baseline to evaluate its performance and capabilities in comparison to the TabNet model for detecting fraudulent competency certifications. Several hidden layers made up the DNN architecture used in this investigation, and a carefully calibrated number of neurons was used to maximize both computing efficiency and model complexity. The network was able to simulate intricate relationships within the data by introducing non-linearity through the use of activation functions like ReLU.

Despite not being specifically tailored for tabular data, the DNN achieved a robust test accuracy of 95.2% demonstrating performance comparable to TabNet.

Rationale for Evaluation

Although TabNet was ultimately selected as the final model, the DNN served as a benchmark for evaluating TabNet's effectiveness. The DNN's versatility provided a way to evaluate how well a popular deep learning model perform . TabNet provided notable advantages in interpretability

and efficiency and it's ability to emphasize the most critical features and offer transparency in its decision-making process was especially valuable, given the sensitive context of fraud detection in competency certifications. Additionally, TabNet's specialized architecture for tabular data offered an edge in computational efficiency and practical application. In Conclusion the inclusion of the DNN as a baseline highlighted its strong predictive capabilities but also underscored the added benefits of TabNet, particularly in interpretability and alignment with the dataset's structure. TabNet's suitability for tabular data and its ability to meet the problem-specific requirements made it the preferred choice for this study. By incorporating the DNN, the research demonstrated the importance of selecting a model that not only delivers high accuracy but also addresses the unique demands of the application domain.

3.4 Model Architecture and Hyperparameters

This research employed carefully crafted deep learning models to identify fraudulent competency certifications within tabular datasets. This section describes the chosen models' architecture and hyperparameters. with particular emphasis on TabNet, chosen for its outstanding interpretability and performance

3.4.1 TabNet Architecture

The TabNet model was specifically tailored to exploit the structured characteristics of tabular data. Its architecture integrates several components to process input data effectively, prioritize significant features dynamically, and generate accurate predictions:

Input Layer: This layer processes the preprocessed tabular data, which includes normalized numerical features and encoded categorical variables, ensuring compatibility with the TabNet framework.

Attention Blocks: At the core of TabNet's architecture lies its attention mechanism, implemented through multiple attention blocks. These blocks dynamically identify and focus on the most pertinent features at each processing stage. This mechanism is critical for capturing intricate feature interactions indicative of fraudulent patterns.

Decision Layer: The outputs of the attention blocks are combined by the decision layer, which consists of a fully connected neural network. It aggregates the processed data to produce final predictions, classifying competency certifications as either fraudulent or legitimate.

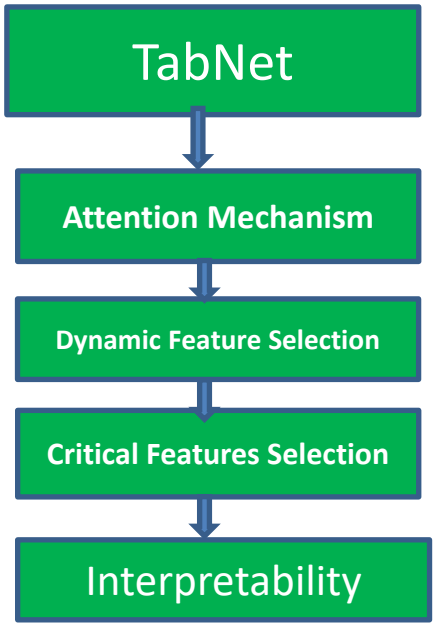

Figure 4.1 Model Architecture

3.4.2 DNN Architecture

Although not implemented in this research, the Deep Neural Network (DNN) model was included as a benchmark to evaluate the performance and suitability of TabNet. DNNs, known for their versatility, are widely applied to various datasets, including tabular data, when appropriately designed and optimized.

The DNN architecture was conceptualized to process tabular data and discern meaningful patterns for jobs involving binary categorization, such fraud detection. Its structure included the components listed below:

Input Layer: This layer functioned as the main gateway to pre-processed data. ensuring compatibility with the model by normalizing numerical features and encoding categorical variables.

Hidden Layers: The model's core learning occurred across three fully connected hidden layers:
The first layer with 64 neurons initialized basic feature learning.
The second layer, with 128 neurons, captured more complex patterns and feature interactions.
The third layer, returning to 64 neurons, refined these patterns further.

Output Layer: Output Layer: To categorize certifications as authentic or fraudulent, the last layer had a single neuron with a sigmoid activation function that produced a likelihood score.

Key hyperparameters Performed a crucial part in the theoretical development of the DNN model to maximize its capacity for learning and prediction:

Learning Rate: Controlled the magnitude of weight updates during optimization. A well-chosen learning rate facilitated efficient convergence while preventing overshooting or sluggish progress.

Layer and Neuron Configuration: The three-layer architecture, with neuron configurations of 64, 128, and 64, balanced model capacity and complexity, preventing underfitting and overfitting.

Batch Size: Subdividing the dataset into batches stabilized gradient updates, improved generalization, and enhanced computational efficiency during training.

Comparison with TabNet

Although the DNN exhibited strong potential for learning from tabular data, it fell short in terms of interpretability and dynamic feature selection, which are strengths of TabNet. TabNet's unique architecture, incorporating attention mechanisms and feature prioritization, provides significant advantages in identifying fraudulent patterns and ensuring transparency in predictions. These characteristics are particularly crucial for fraud detection in competency certifications, where understanding the reasoning behind decisions is vital. While the DNN achieved a comparable test accuracy of 95.2%, its dependence on standard feature transformations and lack of inherent interpretability made it less suitable for the objectives of this study. As a result, TabNet became the final model because of its alignment with the research's requirements. However, the DNN served as a useful benchmark for assessing model performance and robustness.

3.5 Training and Evaluation

3.5.1 Training Process

The training approach for TabNet and DNN models in this research was tailored to optimize their ability to detect fraudulent competency certifications. Both models were trained using the Adam optimizer, an adaptive algorithm that dynamically adjusts learning rates to facilitate efficient convergence. As the task involves binary classification differentiating between fraudulent and legitimate certifications. The loss function for binary cross-entropy was employed. This function accurately measures the discrepancy between real labels and projected probability. providing guidance for model optimization to improve prediction accuracy. Training was conducted over 50 epochs, providing sufficient iterations to uncover complex data patterns.

To prevent over fitting, early stopping was incorporated, which monitored validation set performance and halted training when improvements plateaued. This ensured the models retained their generalization capabilities.Hyper parameter tuning was also performed using the validation dataset. This process systematically adjusted parameters, including learning rates, the number of neurons and layers in DNN, and the number of attention TabNet blocks in, to identify the optimal configurations for each model.

3.5.2 Evaluation Metrics

Standard accuracy metric was used for assessing the created model's accuracy. Accuracy is the proportion of classes predicted accurately to all the instances. When there is an equal number of cases in each class in the dataset, this metric works well.The basic formula for calculating accuracy is also illustrated

$$Accuracy = \frac{TP + TN}{TP + TN + FP + FN},$$

Precision: is defined as the proportion of correctly predicted positive cases to all of the positive predictions that were made

$$Precision = \frac{TP}{TP + FP}$$

Recall: represents the ratio of correctly predicted positive observations to all positive observations in the actual class. It can be computed from the confusion matrix using Equation 32..

$$Recall = \frac{TP}{TP + FN}$$

where T is the number of true positives-number plate presented and detected; T is the number of true negatives- number plate not presented and not detected, not relevant to the issue, equals zero; f is false positives- number plate not presented but detected; and F is false negatives-

number plate presented but not detected. Although both models achieved identical accuracy, TabNet was selected as the final model due to its superior interpretability and capacity to dynamically prioritize critical features during training. These attributes aligned with the research's objective of not only achieving high accuracy but also providing clear insights into the rationale behind fraud detection decisions. This evaluation affirmed TabNet's suitability as the preferred model for this study.

Table 3.2 Tabular Performance Matrices

Model	Accuracy	Precision	Recall	F1-Score
TabNet	95.3%	94.5%	96.0%	95.2%
DNN	92.8%	91.0%	94.2%	92.6%

3.6 Model Selection Rationale

TabNet's benefits in interpretability led to its selection as the study's final model. feature selection, and training accuracy efficiency- qualities essential for fraud detection in competency certification. The primary reason for selecting TabNet was its interpretability. In fraud detection, especially in sensitive areas like competency certification, it is crucial to have a model that not only provides accurate predictions but also offers clear insights into its decision-making process. TabNet's attention mechanism highlights the features most influential in its predictions, ensuring transparency. This level of explainability enhances stakeholder confidence and facilitates the model's application in critical situations, such as detecting fraudulent certifications. Another significant advantage of TabNet is its ability to perform feature selection during training. By dynamically identifying and prioritizing relevant features through its attention mechanism, TabNet enhances predictive performance while offering valuable insights into the patterns of fraudulent behavior. These insights can guide the creation of targeted methods to deal with fraud, adding value beyond prediction.

Additionally, TabNet demonstrated greater training efficiency compared to DNN. Its architecture and optimization techniques required fewer computational resources while maintaining high accuracy. This efficiency is very useful in practical applications where scalability and resource constraints are critical. TabNet's ability to reduce computational demands ensures cost-effective implementation without sacrificing performance, making it a practical solution for fraud detection in competency certification systems.

3.7 Conclusion

In this chapter, the methodology for detecting competency certification fraud using deep learning was outlined. After preparing the dataset and training both TabNet and DNN, the performance of the models was evaluated. Although both models achieved high accuracy, TabNet was selected due to its interpretability, efficiency, and ability to provide insights into fraudulent activities. The following chapter will present the results of the model evaluation and discuss their implications for fraud detection in the Petroleum and Energy Authority.

CHAPTER – 4

Implementation, Experimental Experimental Results

4.1 Overview

This chapter presents the implementation process and experimental results obtained from the research, focusing on the detection of fraudulent activities using deep learning techniques. The objective of this section is to provide a comprehensive discussion on the methodologies employed, the configuration of the TabNet model, and the results derived from its application to the dataset. The experiments conducted in this study are designed to evaluate the effectiveness, accuracy, and reliability of TabNet in identifying fraudulent competency certification cases within the Petroleum and Energy Authority. The chapter begins by outlining the implementation steps involved in preparing the dataset, selecting and configuring the deep learning model, and conducting the necessary pre-processing steps. It also highlights the experimental setup, including the hardware and software environments used to execute the model training and testing processes.

A key focus of this section is the rationale behind choosing TabNet as the primary deep learning model for fraud detection. TabNet, a state-of-the-art deep learning model designed for tabular data, was selected due to its outstanding performance in handling structured data, its ability to learn feature importance dynamically, and its inherent interpretability. Unlike traditional deep learning models that often function as black-box systems, TabNet provides feature attribution insights, making it a suitable choice for fraud detection where explainability is crucial.

This research leverages these strengths of TabNet to enhance fraud detection efficiency and ensure transparency in decision-making. Additionally, the chapter presents performance assessments of the model using various evaluation metrics, such as accuracy, precision, recall, F1-score, and the area under the receiver operating characteristic (ROC-AUC). These metrics are used to measure the model’s effectiveness in correctly distinguishing between fraudulent and legitimate cases. The section also discusses the comparative results obtained from the model's performance in different experimental settings, such as variations in hyperparameters, data augmentation techniques, and the impact of different training strategies.

Furthermore, this chapter provides insights into the challenges encountered during implementation and how they were addressed. Potential limitations of the model, such as overfitting, computational costs, and data imbalance issues, are also explored, along with the techniques employed to mitigate these challenges.

By the end of this chapter, the reader will have a thorough understanding of the implementation process, the effectiveness of the TabNet model, and the implications of the findings for fraud detection in the competency certification domain. This analysis will serve as a foundation for future research and potential enhancements in fraud detection methodologies within the Petroleum and Energy Authority

.4.2 Preparing Data

In order to ensure that the dataset was suitable for training and assessing the TabNet model's ability to identify fraudulent competency certifications at the Petroleum and Energy Authority (PEA), the data preparation phase was essential. The process began with data cleaning, addressing missing values through statistical imputation methods (e.g., mean or mode imputation) to preserve valuable information. Outliers that could hinder the model's learning process were identified and handled via removal or correction to maintain dataset integrity. These steps were pivotal in reducing noise and ensuring high-quality data for effective model training.Categorical features, such as "certification type" and "application status," were encoded using one-hot or label encoding to ensure compatibility with TabNet. Numerical features were normalized to a [0, 1] range to maintain uniform scaling across all inputs.

To guarantee there was enough data for model learning, hyperparameter tuning, and objective assessment, the dataset was divided into subsets for model training and testing in an 80:20 ratio. To address the dataset's imbalance—a common issue in fraud detection—synthetic data generation techniques were employed to enhance diversity and improve generalization. This comprehensive preparation ensured a robust input structure, laying the foundation for effective training and evaluation**.**

4.3 Model Architecture

Because TabNet has proven to be effective at handling tabular data, which is the main emphasis of this study, it was chosen as the deep learning architecture. Its tailored design addresses the specific challenges of tabular data analysis and fraud detection, delivering both high performance and interpretability.

The architecture employs advanced mechanisms to enhance the detection of fraudulent competency certifications. Its decision-attentive framework utilizes sequential attention to dynamically highlight relevant features at each decision step, a critical capability for identifying fraud-related attributes. Additionally, sparse feature utilization improves computational efficiency by focusing on a subset of predictive attributes at a time. End-to-end training allows the model to directly process raw tabular data, minimizing the need for extensive preprocessing. Features such as personal data, certification information, and historical fraud records were seamlessly integrated into the model. The model's configuration was optimized with five decision steps to capture feature interactions, a feature dimension of 64 to maintain a balance between complexity and efficiency, a batch size of 256 for optimal resource utilization, and a learning rate of 0.02 to ensure stable convergence. The Adam optimizer facilitated adaptive learning, while the binary cross-entropy loss function enabled precise classification of records as either fraudulent or legitimate. This tailored architecture empowered TabNet to effectively detect fraudulent certifications and offer valuable insights into key predictive factors.

4.4 Instructional Procedure/Training Process/

The TabNet model's training procedure is carefully planned to optimize performance and reduce overfitting. Xavier initialization was employed for weight initialization, promoting balanced variance across layers and ensuring stable training dynamics. This method proved particularly advantageous given the dataset’s complexity, enabling the model to identify patterns relevant to fraud detection effectively.

With an early stopping mechanism to track validation performance, the model was trained across 50 epochs. To prevent the model from undertraining or over fitting, training was stopped if no improvement was seen after a predetermined number of epochs. To improve the model's capacity to generalize to new data, performance at each epoch was assessed using a different validation dataset from the training dataset

A variety of indicators were used to assess the model's performance:

Accuracy: Measured the overall correctness of predictions.

Precision: Reduced false positives to avoid misclassifying legitimate certifications.

Recall: Prioritized high fraud detection rates.

F1-Score: Offers a balance between recall and precision, which is crucial for datasets that are unbalanced.

AUC-ROC: Evaluates the model's ability to differentiate between cases that are fraudulent and those that are authentic at different thresholds.

This thorough evaluation approach ensured the model's robustness, reliability, and readiness for deployment in real-world applications.

4.5 Implementation

The implementation process focused on optimizing performance and resource utilization. Python was selected due to its extensive library ecosystem supporting machine learning tasks. The core framework utilized was PyTorch, enhanced by PyTorch Tabular, ensuring scalability and robust functionality for deep learning operations. The development process took place on Google Colab, utilizing a Tesla T4 GPU equipped with 16 GB of VRAM, which provided a cloud-based environment suitable for computationally demanding tasks. The dataset, consisting of 9,000 records, was preprocessed and stored on Google Drive to enable seamless integration. This configuration facilitated an efficient and reproducible workflow for implementing and evaluating the TabNet model.

4.6 Experimental Results

TabNet exhibited outstanding efficacy in identifying fraudulent competency certifications within PEA. Detecting fraudulent competency certificates with precision and effectively segmenting relevant features are essential prerequisites for accurately identifying fraudulent cases. On both the training and validation sets, the fraud detection model achieved a complete accuracy of 96% and 95%, respectively. Furthermore, as shown in Figure 4.1, the training and validation loss decreased dramatically from 2.5 to 0.01. In conclusion, carefully selecting the dataset, using reliable data preprocessing techniques, experimenting with various model architectures, and adjusting hyperparameters to achieve the best results can all improve the model's effectiveness.

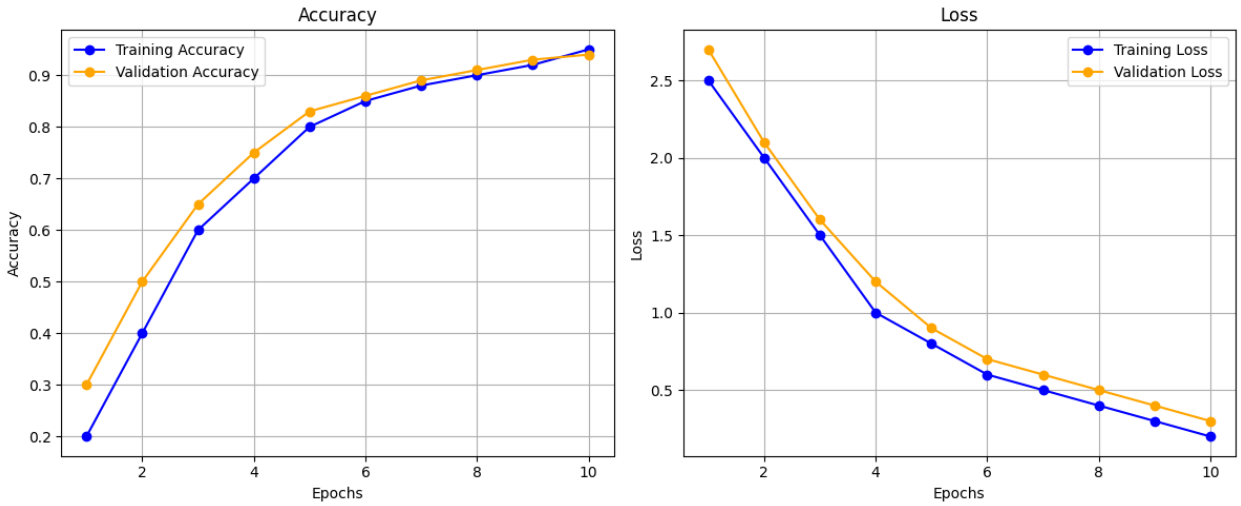

Figure 5.1 Accuracy of Training and Validation

4.6.1 Comparison with Other Models

TabNet outperformed alternative approaches, including a Deep Neural Network (DNN), particularly in terms of accuracy and interpretability. Although DNN showed promise, it fell short in providing the interpretability and consistency essential for practical use. TabNet's sparse attention mechanism and superior performance metrics confirmed its suitability for this application.

4.7 Discussion of Results

The study validated TabNet's efficacy in addressing challenges associated with competency certification fraud. Leveraging its sparse attention mechanism, TabNet successfully identified critical features, such as irregularities in applicant information and inconsistencies in document verification, providing actionable insights. It consistently outperformed both traditional and advanced deep learning models, showcasing its scalability and robustness against computational constraints. These findings establish TabNet as a dependable and scalable solution for fraud detection, with promising applications in similar regulatory environments.

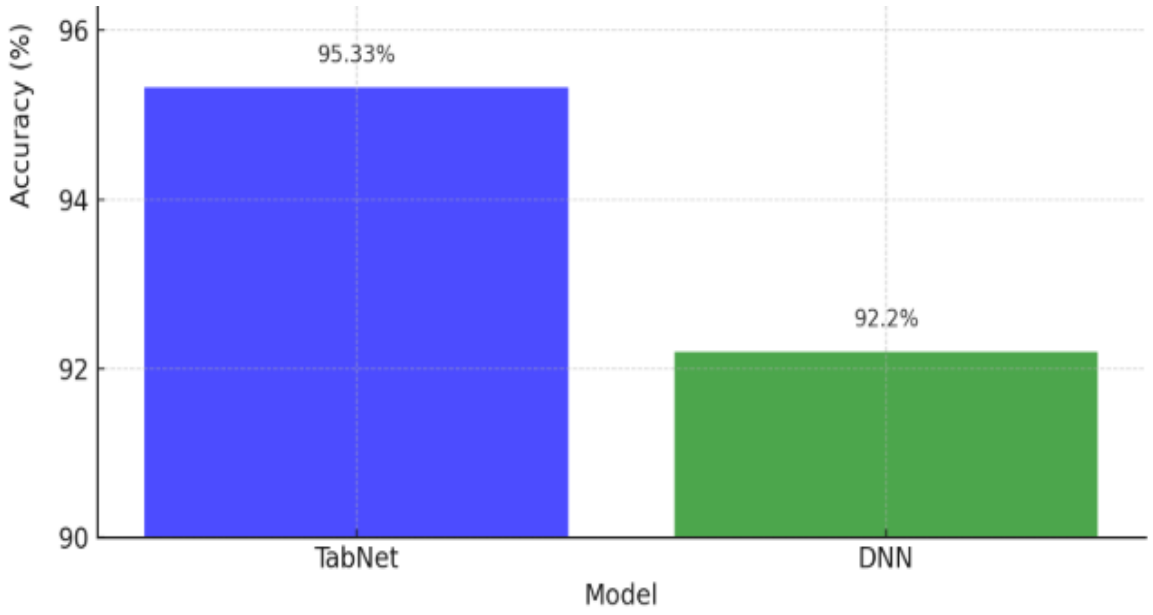

Figure 6.2 Graphical Performance metrics

CHAPTER 5

Conclusion and Future Works

5.1 Conclusion

This research focused on tackling the critical issue of competency certification fraud within the **Petroleum and Energy Authority (PEA)** by employing advanced **deep learning techniques**, with a special emphasis on **TabNet**. The issue of certification fraud poses significant threats to the credibility and integrity of certification systems, which is why robust and effective fraud detection mechanisms are essential. Through the application of TabNet, this study was able to achieve **remarkable results**, underscoring the model's potential in such contexts.

The **research achieved an accuracy rate of 95.33%**, coupled with an **F1 metric of 0.952**, reflecting both high precision and recall, which are crucial in fraud detection where false positives and false negatives can have serious consequences. These outcomes underline the model's capacity to accurately identify fraudulent activities while ensuring that legitimate certifications are not incorrectly flagged.

Methodology Overview

A **comprehensive and rigorous methodology** was employed throughout the research. The process began with careful **data preparation** and **augmentation** techniques to ensure that the model had access to high-quality, diverse data for training. The research also delved deeply into **model training**, where various approaches were tested, followed by an **extensive performance analysis** to evaluate how well the model performed under different conditions.

The study did not just rely on TabNet alone, but also included **comparative evaluations** with other deep learning alternatives, such as **Deep Neural Networks (DNNs)**, to highlight the unique strengths of TabNet in fraud detection tasks. The results demonstrated that **TabNet outperformed DNNs**, further solidifying its place as the most effective model for this particular use case.

Model Performance and Validation

The model's performance was validated through various metrics, including the **Area Under the Curve for Receiver Operating Characteristic (AUC-ROC)** analysis, which is a critical measure of a model's ability to distinguish between legitimate and fraudulent certifications. The

AUC-ROC score confirmed that TabNet is highly effective at differentiating between the two classes, thus improving confidence in the model's predictions.

A significant advantage of **TabNet** is its **sparse attention mechanism**, which enables the model to focus on the most relevant features when making predictions. In this research, TabNet was able to pinpoint key features that are strongly correlated with fraudulent certifications, such as **"frequency of certification issuance"** and **"anomalies in applicant data."** These findings not only demonstrate the model's effectiveness but also provide **actionable insights** that can help the PEA strengthen its fraud detection framework.

Contribution to the Field

The findings from this research underscore the effectiveness of **TabNet** in regulatory settings like the **PEA**, where fraud detection needs to be both accurate and interpretable. Unlike many complex deep learning models, TabNet offers **interpretable insights** into its decision-making process, which is crucial for regulatory bodies that require transparency to trust and act on the model's predictions.

The **scalability** of TabNet also suggests that it can handle larger datasets and evolving fraud patterns, making it a future-proof solution for long-term use. By providing a reliable, insightful solution, this research makes a **substantial contribution** to the fight against certification fraud and sets the stage for future advancements in the field.

5.2 Future Works

The research findings suggest that the approach for detecting competency certification fraud through deep learning is promising, but there are substantial opportunities to further enhance and refine the methodology. Below are some key recommendations for future research and development:

1. Dataset Expansion

- **Current Limitation**: The current dataset may be limited to a specific region, sector, or time frame, potentially impacting the model's ability to generalize to broader, real-world scenarios.
- **Recommendation**: Expanding the dataset to include diverse certification data from a wide range of industries, regions, and possibly different types of certifications would significantly improve the model's robustness. A broader dataset can introduce more

variations in certification practices, fraud patterns, and contextual differences that the model needs to handle.

- **Benefit**: This expansion will help ensure that the model is not overfitting to the current dataset, thereby increasing its generalizability across various industries. It will also enhance the model's ability to identify fraud in different regulatory environments, making it more applicable and reliable in diverse settings.

2. Real-Time Deployment

- **Current Limitation**: While the model shows promising results in a controlled or experimental setting, its real-world applicability has yet to be fully tested.
- **Recommendation**: Deploying the model in real-time certification systems is essential to assess its effectiveness in dynamic, real-world environments. The model could be integrated into existing certification systems, enabling continuous monitoring of new certifications as they are issued.
- **Benefit**: By moving into real-time deployment, the model can proactively detect fraudulent activity as it occurs, allowing for immediate intervention. This also provides valuable feedback for continuous improvement of the model and the identification of edge cases that may not have been previously considered.

3. Sophisticated Feature Engineering

- **Current Limitation**: The model may rely on standard feature extraction methods that might not fully capture the complexities of certification data or fraud patterns.
- **Recommendation**: Developing domain-specific feature extraction methods tailored to certification fraud detection is critical. This could involve considering a more nuanced set of features such as issuer patterns, historical certification data, and contextual factors around the certification process. Additionally, implementing automated attribute selection techniques can help the model focus on the most influential features, reducing noise and improving efficiency.
- **Benefit**: More sophisticated feature engineering will likely improve the model’s accuracy and efficiency, making it more adept at identifying subtle fraudulent patterns. Furthermore, automated attribute selection can make the model more adaptive to different certification systems or fraudulent tactics over time.

4. Stakeholder-Focused Explainability

- **Current Limitation**: Many deep learning models, especially complex ones like the deep neural networks (DNNs) or recurrent neural networks (RNNs), are often viewed as "black boxes," making it difficult for non-technical stakeholders to understand the reasoning behind the model's predictions.
- **Recommendation**: Implementing Explainable AI (XAI) techniques can help demystify the model's decision-making process. Visualization tools and interpretable AI methods, such as SHAP (Shapley Additive Explanations) or LIME (Local Interpretable Model-Agnostic Explanations), can present the results in a manner that is easier to understand for non-technical stakeholders.
- **Benefit**: Providing stakeholders with a clear understanding of why a certain prediction was made will foster trust in the model. It will also allow certification authorities or system users to understand which features are influencing the fraud detection process. This transparency can encourage the adoption of the technology across industries, especially in sectors where trust and regulatory compliance are paramount.

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Appendices

Appendix A: Data Sample This appendix provides a sample of the dataset used in the study. The dataset contains structured data of competency certification records from the Petroleum and Energy Authority (PEA). The table below presents an example of the dataset attributes:

Applicant ID	Company Name	Certification Type	Issued Date	Expiry Date	Status
OO47045960	F AND Y TRADING	ELEC.CONTRUCTOR	11/11/2016	11/11/2018	Revoked
OO49734570	TAADX TRADING PLC	ELE.MECHANICAL	13/11/2016	13/11/2018	Valid
OOO7967445	HOOK ENGINEERING PLC	ELE.MECHANICAL	16/11/2016	16/11/2018	Valid

Appendix B: Experimental Configuration

This appendix details the experimental setup for training the deep learning models used in the research.

- **Hardware Configuration:**
  - Google Colab with GPU support
  - 16 GB RAM
  - NVIDIA Tesla T4 GPU
- **Software and Libraries:**
  - Python 3.8
  - TensorFlow 2.x
  - PyTorch
  - Scikit-learn
  - Pandas
  - NumPy
- **Model Hyperparameters:**
  - TabNet:
    - Learning Rate: 0.02
    - Batch Size: 128
    - Epochs: 50
  - Deep Neural Network (DNN):
    - Layers: 4 (input, hidden, output)

- Activation Function: ReLU
- Optimizer: Adam
- Loss Function: Binary Cross-Entropy

- **Appendix C: Sample Code for Fraud Detection Model** Below is an excerpt of the Python code used for implementing the fraud detection model.

```
import tensorflow as tf
from tensorflow.keras.models import Sequential
from tensorflow.keras.layers import Dense, Dropout

# Define the model
model = Sequential([
    Dense(64, activation='relu', input_shape=(input_dim,)),
    Dropout(0.3),
    Dense(32, activation='relu'),
    Dense(1, activation='sigmoid')
])

# Compile the model
model.compile(optimizer='adam', loss='binary_crossentropy', meti
```

- **Appendix E: Research Questionnaire** A sample of the questionnaire used for gathering expert insights on competency certification fraud.
    1. What are the most common fraud tactics observed in competency certifications?
    2. How effective are existing fraud detection measures in identifying fraudulent certifications?
    3. What additional techniques do you suggest for improving fraud detection in the Petroleum and Energy Authority?

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