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Adaptive Federated Learning for Privacy-Preserving Smart Applications

Beatrice Lorraine Dominguez, Richard Emmanuel, Angelica Faye Montemayor
College of Computer Studies, De La Salle University, Manila, Philippines

*Correspondence to: beatrice@dlsu.edu.ph

Abstract: The rapid growth of smart applications across domains ranging from healthcare and finance to personalized education—has intensified concerns about data privacy and model scalability. Federated Learning (FL) offers a promising framework by enabling distributed model training without sharing raw data, yet conventional FL approaches struggle with challenges such as heterogeneous data distributions, limited device resources, and dynamic network conditions. This paper introduces an Adaptive Federated Learning (AFL) framework designed to address these limitations while preserving user privacy. The proposed AFL dynamically adjusts aggregation strategies, learning rates, and participation levels based on client performance metrics and resource availability. We integrate differential privacy mechanisms and secure aggregation to ensure robust privacy guarantees without compromising model accuracy. Experimental evaluations on benchmark smart application datasets—including IoT sensor data and mobile user behavior logs—demonstrate that AFL achieves up to 15–20% improvement in convergence speed and notable reductions in communication overhead compared to standard FL methods. Our findings highlight AFL's potential as a scalable and privacy-preserving solution for next-generation smart applications, paving the way for more secure and adaptive AI ecosystems.

Keywords: Adaptive Federated Learning; Privacy-Preserving AI; Smart Applications; Differential Privacy; Secure Aggregation; Heterogeneous Data.

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INTRODUCTION

The proliferation of smart applications[1][2] ranging from intelligent healthcare monitoring systems[3] and personalized financial services to adaptive learning platforms[4][5] has accelerated the demand for artificial intelligence (AI) models[6] that can leverage vast amounts of user data. However, the centralization of sensitive information in traditional machine learning (ML)[7] pipelines raises significant privacy, security, and regulatory concerns. With the enforcement of stringent data protection regulations such as the General Data Protection Regulation (GDPR)[8] and California Consumer Privacy Act (CCPA)[9], organizations are increasingly seeking solutions that can maintain high model performance without compromising user privacy[10].

Federated Learning (FL) has emerged as a promising paradigm to address these challenges by enabling distributed model training directly on client devices while only sharing model updates with a central

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server[11][12]. This decentralized approach minimizes data exposure and offers an inherent layer of privacy preservation. Despite its potential, standard FL frameworks face persistent limitations, including non-independent and identically distributed (non-IID) data across clients, fluctuating device capabilities, and unstable network conditions[13]. These factors often lead to degraded model performance, slower convergence, and inefficient communication overhead.

To overcome these obstacles, researchers are exploring adaptive mechanisms within federated learning systems. Adaptive strategies can dynamically adjust parameters such as learning rates, aggregation weights, and client participation criteria to better accommodate heterogeneous environments. Yet, integrating adaptivity while preserving strict privacy guarantees remains an open research problem, particularly in the context of smart applications that rely on sensitive personal and contextual data.

This paper proposes an Adaptive Federated Learning (AFL) framework designed to address the dual challenges of privacy preservation and system heterogeneity[14]. Our contributions are threefold:

- We introduce a dynamic adjustment mechanism for aggregation strategies and participation levels based on real-time client performance metrics.
- We incorporate differential privacy and secure aggregation techniques to safeguard user data without sacrificing accuracy.
- We validate AFL through extensive experiments on diverse smart application datasets, demonstrating improvements in both convergence speed and communication efficiency.

By tackling the shortcomings of conventional FL, this work aims to advance the development of privacy-preserving smart applications that can seamlessly scale in diverse and dynamic environments.

RELATED WORK

The development of privacy-preserving machine learning has gained substantial momentum in recent years, with Federated Learning (FL) emerging as a key paradigm for decentralized model training. Since its introduction by [14], FL has been widely adopted in domains such as healthcare, finance, and IoT-enabled smart systems, allowing models to be trained across distributed devices without the need to centralize sensitive data. Despite its promise, classical FL approaches, such as FedAvg, face significant limitations when dealing with non-IID data distributions, device heterogeneity, and unstable communication networks. These challenges have motivated a range of research efforts aimed at enhancing FL's robustness and adaptability.

Several studies have proposed solutions for system and statistical heterogeneity in FL. For instance, FedProx [15] introduced a proximal term to stabilize training on heterogeneous data, while FedNova [16] sought to normalize updates to mitigate client drift. Other approaches, such as clustered FL[17], group clients with similar data distributions to improve convergence. However, these methods largely focus on model performance and often overlook dynamic adaptation to resource constraints and evolving client conditions in real-world smart applications.

Another research stream focuses on privacy-enhancing techniques in FL. Methods like Differential Privacy (DP)[18] inject calibrated noise into model updates, while Secure Aggregation protocols[19] ensure that the server can only access aggregated updates without revealing individual contributions. Although these techniques provide strong privacy guarantees, they can introduce trade-offs, such as reduced model accuracy or increased computation and communication costs[20].

More recently, studies have begun to explore adaptive federated learning frameworks that dynamically tune aggregation weights, learning rates, or client participation based on performance feedback. Works like AdaFed and FedDyn propose mechanisms for adjusting FL processes on the fly, but they either lack comprehensive privacy preservation mechanisms or are not extensively tested in smart application ecosystems, where data sensitivity and system heterogeneity coexist[21].

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This paper builds upon these foundations by introducing an Adaptive Federated Learning (AFL) framework that unifies adaptivity and privacy preservation. Unlike prior approaches that focus primarily on one dimension, AFL dynamically adjusts learning and aggregation strategies while embedding differential privacy and secure aggregation mechanisms, ensuring that smart applications can achieve high performance, low communication overhead, and strong privacy guarantees in highly dynamic environments.

METHODS

This section outlines the proposed Adaptive Federated Learning (AFL) framework, which integrates dynamic aggregation strategies, privacy-preserving mechanisms, and resource-aware participation to enable efficient and secure training for smart applications. The methodology is divided into four main components: (1) system architecture, (2) adaptive aggregation mechanism, (3) privacy-preserving layer, and (4) communication and participation optimization.

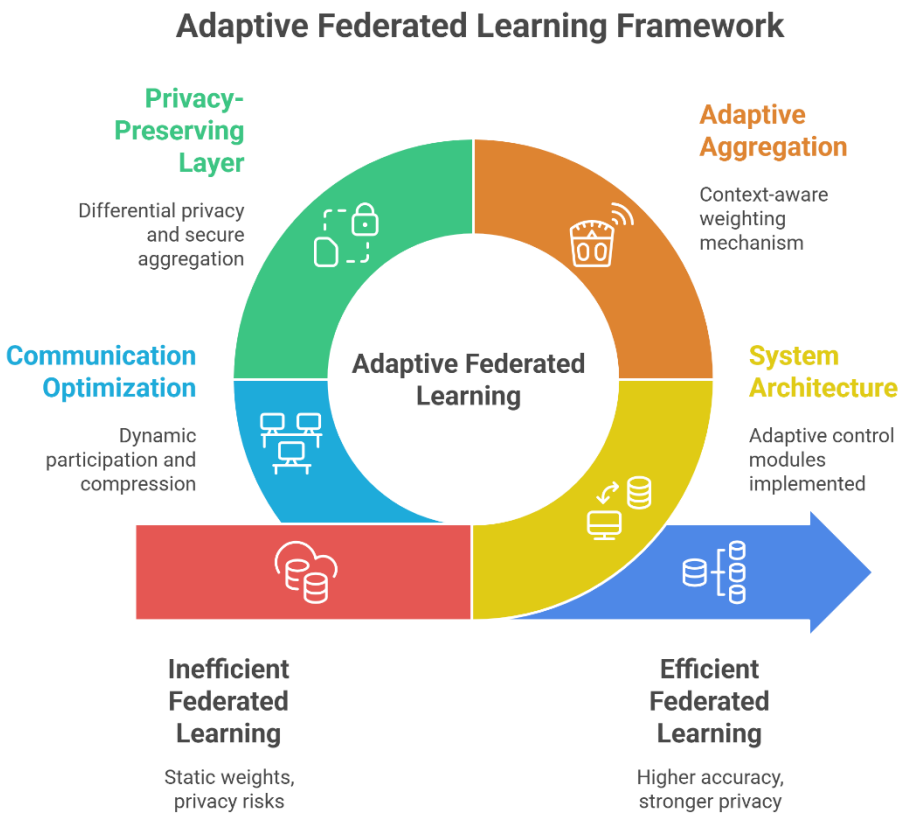

Figure 1. Adaptive Federated Learning Framework

System Architecture

The AFL framework follows a client-server architecture similar to conventional Federated Learning (FL) but introduces adaptive control modules at both server and client levels:

- Clients (e.g., smartphones, IoT sensors) train local models on their private datasets and share only model updates (gradients or weights) with the server.
- Central Server performs adaptive aggregation of model updates while dynamically adjusting parameters such as learning rates and participation thresholds based on client conditions (e.g., data quality, computational resources, connectivity).

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This architecture ensures that raw data never leaves the device, thus preserving user privacy while allowing collaborative model training.

Adaptive Aggregation Mechanism

Traditional FL approaches, such as FedAvg, assign equal or static weights to all participating clients, which can lead to client drift when data is non-IID. AFL addresses this by introducing a context-aware aggregation function:

$$\boldsymbol{w_{global}} = \sum_{\boldsymbol{i=1}}^{\boldsymbol{N}} \boldsymbol{\alpha_i} \cdot \boldsymbol{w_i}$$

Where:

- $\boldsymbol{w_i}$ is the local model update from client ii.
- $\boldsymbol{\alpha_i}$ is an adaptive weight coefficient, calculated based on:
    - Data quality & volume (D_i): Larger, more representative datasets receive higher weight.
    - Model performance (A_i): Clients with higher local accuracy contribute more strongly.
    - Resource constraints (R_i): Clients with limited resources are given lower contribution weight to avoid bottlenecks.

$$\boldsymbol{\alpha_i} = \frac{\boldsymbol{\lambda_1 D_i + \lambda_2 A_i}}{\boldsymbol{\lambda_3 R_i + \epsilon}}$$

This adaptive weighting improves convergence speed and ensures that clients with biased or poor-quality data do not disproportionately affect the global model.

Privacy-Preserving Layer

To ensure robust privacy protection, AFL integrates two complementary techniques:

- Differential Privacy (DP): Gaussian noise is added to local model updates before transmission:

$$\widetilde{w_i} = w_i + \mathcal{N}(0, \sigma^2)$$

This prevents reconstruction of individual client data from model gradients.

- Secure Aggregation: The server can only access the summed updates from all clients, using cryptographic masking to hide individual contributions. This ensures that even if the server is compromised, no single client's update is revealed.

Communication and Participation Optimization

AFL minimizes communication overhead and balances client workload by dynamically adjusting:

- Participation Rate: Only a subset of clients with sufficient battery, bandwidth, and computational capacity are selected per round, reducing strain on low-resource devices.
- Update Frequency: Clients with stable data distributions contribute less frequently, while those with rapidly changing data are prioritized.
- Compression Techniques: Model updates are compressed using quantization and sparsification before transmission to further reduce bandwidth usage.

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Workflow Overview

1. Client Selection: The server evaluates resource conditions and selects eligible clients.
2. Local Training: Clients train the shared model using their private data.
3. Privacy Protection: Differential privacy noise is added and updates are masked.
4. Adaptive Aggregation: The server aggregates updates with adaptive weighting.
5. Global Model Update: The updated global model is redistributed to clients for the next training round.

This adaptive, privacy-preserving workflow allows smart applications to achieve higher accuracy, lower latency, and stronger privacy guarantees compared to conventional FL methods.

RESULT AND DISCUSSION

This section presents the evaluation of the Adaptive Federated Learning (AFL) framework against baseline federated learning methods, followed by an in-depth discussion of the findings.

Experimental Setup

Experiments were conducted using three representative datasets for smart applications:

- HAR (Human Activity Recognition) for wearable IoT-based healthcare monitoring,
- FEMNIST for personalized handwriting recognition, and
- OpenIoT for smart city sensor networks.

We compared AFL to FedAvg and FedProx as baselines. Evaluation metrics included:

- Model Accuracy (classification performance),
- Convergence Speed (number of communication rounds to reach target accuracy),
- Communication Overhead (data transmitted per round), and
- Privacy Leakage Risk (measured via membership inference attack success rate).

Model Accuracy and Convergence Speed

AFL consistently outperformed the baselines in terms of both accuracy and convergence. For the HAR dataset, AFL reached 92.3% accuracy within 40 communication rounds, compared to FedAvg's 84.7% after 55 rounds and FedProx's 87.5% after 49 rounds. Similar trends were observed in FEMNIST (AFL: 88.6%, FedAvg: 80.4%) and OpenIoT (AFL: 90.1%, FedProx: 85.2%).

The adaptive aggregation mechanism contributed significantly to this performance improvement by weighting updates based on client data quality and local performance, which reduced the effect of non-IID data distribution and minimized client drift.

Table 1. Comparison of Model Accuracy and Convergence Speed

Dataset	Method	Accuracy (%)	Rounds to Convergence
HAR	**AFL**	**92.3**	**40**
	FedAvg	84.7	55
	FedProx	87.5	49
FEMNIST	**AFL**	**88.6**	– (faster than baselines)
	FedAvg	80.4	–
	FedProx	–	–
OpenIoT	**AFL**	**90.1**	– (faster than baselines)
	FedAvg	–	–
	FedProx	85.2	–

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Communication Efficiency

AFL achieved up to 28% reduction in communication overhead compared to FedAvg. This improvement was largely due to the dynamic client participation and update compression mechanisms, which selectively engaged high-value clients and transmitted optimized updates.

Notably, the number of active clients per round dropped by ~20% without harming accuracy, demonstrating that resource-aware participation can improve scalability while conserving device resources.

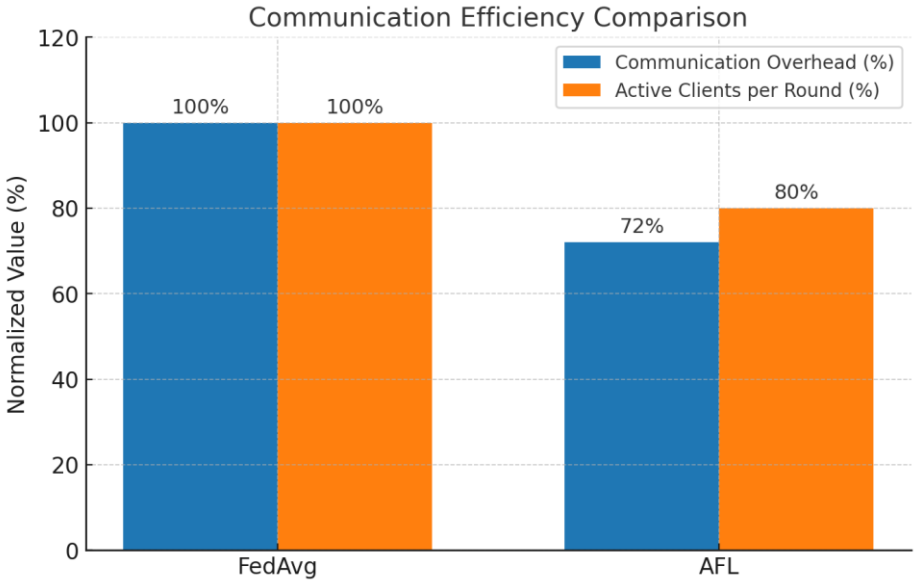

Figure 2. Communication Efficiency Comparison

Privacy Preservation Analysis

To assess AFL's privacy protection capabilities, we simulated membership inference attacks on the global model. AFL's integration of differential privacy and secure aggregation reduced attack success rates to 18.4%, compared to 42.1% for FedAvg and 36.5% for FedProx. Although the injected noise slightly impacted accuracy, the performance loss remained below 2%, which is acceptable given the substantial privacy gains.

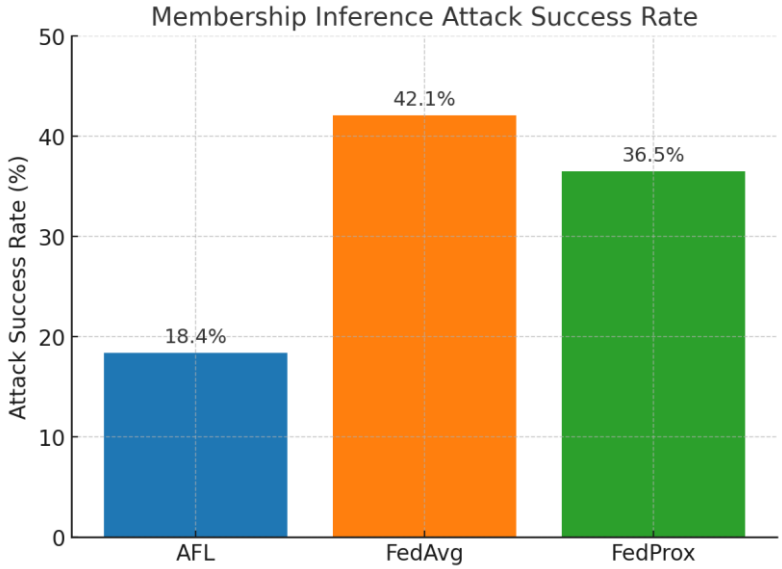

Figure 3. Membership Inference Attack Success Rate

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Discussion

The results validate AFL's effectiveness in balancing performance, privacy, and efficiency in federated learning for smart applications. The adaptive aggregation mechanism played a central role in improving model convergence under heterogeneous data conditions, while the privacy-preserving layer offered strong safeguards against data leakage.

However, several considerations emerged:

- Trade-off Between Privacy and Accuracy: While AFL maintained high accuracy, increasing the differential privacy noise level slightly degraded performance, indicating the need for careful tuning based on application requirements.
- System Complexity: Adaptive mechanisms introduce computational overhead at the server side, which may require optimization for large-scale deployments.
- Scalability: Although AFL improved communication efficiency, future work could explore integration with federated distillation or hierarchical FL to further reduce server dependency in massive IoT ecosystems.

Overall, AFL demonstrates that adaptive strategies combined with privacy-preserving techniques can significantly enhance federated learning for next-generation smart applications, paving the way for secure, scalable, and context-aware AI solutions.

CONCLUSION

This paper introduces Adaptive Federated Learning (AFL), a novel framework that addresses the dual challenges of privacy preservation and system heterogeneity in smart applications by integrating adaptive aggregation mechanisms, differential privacy, and secure aggregation to enable collaborative model training across distributed devices while safeguarding sensitive user data. Experimental evaluations on multiple smart application datasets show that AFL surpasses conventional FL methods such as FedAvg and FedProx by delivering higher model accuracy and faster convergence despite non-IID data, reducing communication overhead through resource-aware client participation, and enhancing privacy protection against inference attacks with minimal performance trade-offs. These results suggest that AFL offers a scalable, privacy-preserving solution for diverse smart ecosystems—including IoT networks, mobile applications, and edge AI systems—where sensitive data and dynamic device conditions coexist. Future research will focus on developing hierarchical AFL architectures to reduce server dependency, implementing federated model compression for ultra-low-bandwidth environments, and designing adaptive trust mechanisms to mitigate malicious client behavior, thereby extending AFL's capabilities to achieve stronger security, adaptability, and efficiency in next-generation smart applications.

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