FedToken: Tokenized Incentives for Data Contribution in Federated Learning

Abstract

Incentives that compensate for the involved costs in the decentralized training of a Federated Learning (FL) model act as a key stimulus for clients' long-term participation. However, it is challenging to convince clients for quality participation in FL due to the absence of: (i) full information on the client's data quality and properties; (ii) the value of client's data contributions; and (iii) the trusted mechanism for monetary incentive offers. This often leads to poor efficiency in training and communication. While several works focus on strategic incentive designs and client selection to overcome this problem, there is a major knowledge gap in terms of an overall design tailored to the foreseen digital economy, including Web 3.0, while simultaneously meeting the learning objectives. To address this gap, we propose a contribution-based tokenized incentive scheme, namely `FedToken`, backed by blockchain technology that ensures fair allocation of tokens amongst the clients that corresponds to the valuation of their data during model training. Leveraging the engineered Shapley-based scheme, we first approximate the contribution of local models during model aggregation, then strategically schedule clients lowering the communication rounds for convergence and anchor ways to allocate *affordable* tokens under a constrained monetary budget. Extensive simulations demonstrate the efficacy of our proposed method.

1 Introduction

1.1 Background and Motivation

The next generation of internet architecture is said to be backed by Web 3.0, a step further toward a fully decentralized online ecosystem powered by blockchain technologies [1, 2, 3, 4]. This novel connectivity paradigm, though still in its infancy, opens up unique ways to monetize decentralized participation and allows clients of heterogeneous profiles to engage in the secure exchange of data, assets, and trust. Recent paradigm of privacy-preserving decentralized training of machine learning models, such as Federated Learning (FL) [5, 6, 7], is another complementary enabler that is already offering various applications on top of the existing network architecture via distributed computing collaboration on private, untapped data. Therein, it is important to facilitate appropriate participation for distributed training of FL models to support machine learning applications of interest, for instance, in healthcare, automation, logistics and much more [6, 8, 9]. An efficient incentive design is thus a fundamental stimulus for participation in a collaborative operation over a decentralized network infrastructure.

On that pretext, we begin with a natural question on incentive design to enable FL: How to ensure quality participation with contribution-based incentives that meet the objective of communication efficiency simultaneously? This leads to investigating: *(i)* ways to quantify the expected contribution of clients' shared model parameters in improving the model performance during aggregation, given constraints on the offered monetary budget; and *(ii)* transparent distribution of incentives as per the contribution, both, in terms of participation and the contribution made in the FL training. Related works (cf. Section-2) do not cover these issues jointly. In this work, we propose an overall design tailored to the foreseen digital economy that simultaneously meets the learning objectives in terms of training as well as communication efficiency. We propose a *contribution-based tokenized incentive scheme* backed by blockchain technology. It ensures a fair allocation of tokens amongst the clients as per the value of contribution with their shared local model parameters during model training.

Submitted to 36th Conference on Neural Information Processing Systems (NeurIPS 2022). Do not distribute.

Our main contributions are as follows:

- **Tokenized Incentives:** We develop tokenized incentives `FedToken`[1] for clients to train the FL learning models under budget constraints, reflected with *quota*, at the aggregator. We propose a contribution accounting mechanism based on blockchain. The token distribution algorithm is designed to attribute the value of participation in the model aggregation period.

- **Robust System Design and Improved Performance**: The token allocation scheme accounts for the objective of communication efficiency, achieved as a direct consequence of the strategic selection of client's updates during model aggregation in FL. The rewards for participation are shared fairly: we use temporal discounting amongst the clients that transmitted low-quality model updates. This discourages *free-riders*. We incentivize quality updates in a way that is robust to any choice of the local learning algorithm.

- **Implementation Features and Findings:** The activities regarding the exchange and allocation of tokens are immutably recorded into the Blockchain. The contributors can query the relevant information, such as account balance, receiving tokens, or missing contributions. This is the trusted platform that ensures quality participation in federated learning.

2 Related Work

Incentive Mechanism for FL. Incentive designs to enable efficient and effective participation of clients in training FL models have been a key focus in recent works [10, 11, 12, 2]. In line to this, one fundamental research question on incentive design for FL is the value of *data contribution*. Most incentive mechanism design for FL was investigated dominantly in the wireless regime so as to enable participation while optimizing network resources [11, 10, 13, 12], rather than accounting for the impact of individual data contributions.

The authors in [14] showed a contribution-index based on an approximation to the Shapley value [15, 16] to evaluate data value in FL. The authors in [17] presented a novel multidimensional incentive framework for FL. The authors in [18] proposed a game-based incentive mechanism for an FL platform that combines distributed deep learning and crowdsensing technique for big data analytics on mobile clients. In [19], the authors propose a novel incentive governor for an efficient FL in highly heterogeneous and dynamic scenarios considering contribution and reputation. However, these works primarily have two issues. *First*, the scoring mechanism is too subjective and lacks quality evaluation schemes. *Second*, each participant only has a score and can be easily affected by malicious raters. Therefore, in the absence of a trusted mechanism for recording the offered incentives, the solution is not viable for practical usage. Furthermore, despite a plethora of incentive designs to enable FL, it has not been formalized well in the literature, *what exactly are these incentives, anyway*?

Incentive Mechanism in Blockchained FL. Feasibility study on the integration of FL with blockchain is explored in several literature [20, 21, 22, 23]. One key benefit, blockchain provides a trustworthy platform to realize *tokenization*, a process of creating and managing tokens by recording the verifiable title transfer from one user to another. *Tokens*, in principle, then could quantify offered incentives in FL. Native tokens on a blockchain (e.g., BTC[24] on Bitcoin, ETC on Ethereum [25]) can be used to formulate a value system where the tokens represent monetary value or physical assets offered for quality participation in FL training. However, most of the mentioned works are about latency analysis and scalability issues rather than contribution assessment and token allocation for improving learning objectives in FL.

The authors in [26] present a blockchain-based *reputation* system to train FL models. In [27], the (mining) rewards are allocated as per the local data size and compute dominance, which doesn't reflect a practical scenario. Moreover, budget constraints are overlooked, let alone the learning performance. In line with this, the authors in [28] provide a comprehensive survey on blockchain-based FL, where the use of blockchain in FL is reviewed for security breaches and honest participation of clients. The work [23], which is close to our research, introduces a tokenized incentive mechanism where tokens are used as a means of paying for the services that provide participants and the training infrastructure. However, the approach of computing individual contributions is different and for a separate context. In addition, it is intuitively to argue that participation only cannot/shouldn't ensure tokens. We address this and consider *contributions* in participation and allocate tokens without compromising the learning objectives. We show that irrespective of participation frequency, only quality updates are

---

[1]The source codes will be released publicly.

97 considered for the tokenized incentives, and strategic allocation of tokens jointly improves training
98 and communication efficiency in FL.

3 Overall System Design

100 Consider a set of rational clients $[N] = \{1, 2, \ldots, N\}$ and the training examples held by each client
101 $n \in [N]$ as a collection of D_n input-output pairs $\{x_i, y_i\}_{i=1}^{D_n}$, where, respectively, $x_i \in \mathbb{R}^d$ is an input
102 and $y_i \in \mathbb{R}$. Each client n exchanges updates on computations of their local data set $\mathcal{D}_n$ with the
103 shared edge aggregator to collaboratively train a learning model. In FL, this translates to finding an
104 optimal global model parameter $w \in \mathbb{R}^d$ that minimizes the empirical risk on all of the distributed
105 training data samples, i.e., the clients collaborate to solve the following optimization problem

$$\min_{w \in \mathbb{R}^d} F(w) + \lambda g(w) \text{ where } F(w) := \sum_{n=1}^{N} \frac{D_n}{D} f_n(w), \tag{1}$$

106 where $f_n(w)$ captures the cost of prediction with the model parameter w; λ is a regularizer; and $g(w)$
107 is a regularization function to control model complexity and offer *generalization*. In practice, the
108 training examples (x_n, y_n) are drawn from $\mathcal{D}_n$, and as such, the total available training samples is $D =$
109 $\sum_{n=1}^{N} D_n$. Then, we formally define $f_n(w) = \mathbb{E}_{(x_n, y_n) \sim \mathcal{D}_n}[l(w; (x_n, y_n))]$. Here, $l(w; (x_n, y_n))$ is
110 the measuring loss function for the prediction [7, 5].

111 **Assumption 1** (**General Assumptions**). *The loss function* $f : \mathbb{R}^d \to \mathbb{R}$ *is twice continuously*
112 *differentiable,* $L-$*smooth and* $\mu-$*convex, that means, we have*

$$\mu I \preceq \nabla^2 f(w) \preceq LI, \forall w \in \mathbb{R}^d,$$

113 *where* $I \in \mathbb{R}^{d \times d}$ *is the identity matrix and* $\nabla^2 f(w)$ *is the Hessian of* f *in* w, *respectively.*

114 Following Assumption 1, we solve the learning problem (1) in its dual form [29, 10]. The separation
115 of the global problem (1) as primal-dual updates, on the one hand, allows clients to control their
116 local computations in improving the quality of local updates and, on the other hand, facilitates the
117 aggregator to evaluate contributions made by the clients to perform efficient incentives allocation
118 during model training. Then, (1) in its dual form, using $\alpha \in \mathbb{R}^D$ as the dual variable mapping to the
119 primal candidate vector; and $\phi(\alpha) = \frac{1}{\lambda D} X \alpha$, is defined as

$$\max_{\alpha \in \mathbb{R}^D} \mathcal{F}(\alpha) := \frac{1}{D} \sum_{n=1}^{D} -f_n^*(-\alpha_i) - \lambda g^*(\phi(\alpha)), \tag{2}$$

120 where f_n^* and g^* are the convex conjugates of f_n and g, respectively, and $X \in \mathbb{R}^{d \times D_m}$ is a matrix
121 with columns having data points for $n \in \mathcal{D}_n, \forall n$. Then, we get the mapping between the optimal
122 value of dual variable α^* in (2), and the optimal solution of (1) as $w(\alpha^*) = \nabla g^*(\phi(\alpha^*))$. Using a
123 shorthand notation for $\phi \in \mathbb{R}^d$ as $\phi(\alpha)$, in the following, we outline the primal-dual solution approach
124 in a systematic manner.

3.1 Primal-dual solution approach

126 We resort solving (2) in a distributed manner, as shown in [29, 30], with the iterative exchange of
127 dual variables $\alpha_{[n]}, \varrho_{[n]}$. The selected clients iterates over their local training examples to output
128 $\alpha_{[n]}, \varrho_{[n]}$. Formally, in one single global communication round $t \in \{1, 2, \ldots, \tau\}$, i.e., the interaction
129 between the edge aggregator and the clients, each client solves the following problem:

$$\max_{\varrho_{[n]} \in \mathbb{R}^D} \mathcal{F}_n(\varrho_{[n]}; \phi, \alpha_{[n]}), \tag{3}$$

130 where the weight vector $\varrho_{[n]} \in \mathbb{R}^D$ has elements zero for the unavailable data points, and
131 $\mathcal{F}_n(\varrho_{[n]}; \phi, \alpha_{[n]}) = -\frac{1}{N} - \langle \nabla(\lambda g^*(\phi(\alpha))), \varrho_{[n]} \rangle - \frac{\lambda}{2} \| \frac{1}{\lambda D} X_{[n]} \varrho_{[n]} \|^2$ with $X_{[n]}$ as a matrix with
132 columns having data points for $i \in \mathcal{D}_n$, and zero-padded otherwise. As mentioned, the selected
133 devices invest local computations in running stochastic gradient descent (SGD) on their local training
134 samples and later share the output, i.e., the obtained local parameters $\Delta \phi_{[n]}^t := \frac{1}{\lambda D} X_{[n]} \varrho_{[n]}^t$, with the
135 edge aggregator for model aggregation.

3.2 Contribution-based Aggregation

137 Once getting the local updates from N clients, a plain model aggregation scheme is Federated
138 Averaging (FedAvg) [5], i.e., we compute the average of received local updates as

$$\phi^{t+1} := \phi^t + \frac{1}{N} \sum_{n=1}^{N} \Delta \phi_{[n]}^t, \tag{4}$$

139 and pass ϕ^{t+1} back to the $[M] \subseteq [N]$ random clients to compute (3), and iteratively as such, thereafter.

140 We, however, resort to the engineered, cost-efficient Shapley-based scheme [31, 30] that allows
141 approximation of the contribution of local models during model aggregation to lower the overall
142 communication overhead and design tokenize incentives based on that. The edge aggregator performs
143 δ random permutations over the received dual variables, where the average marginal contribution is
144 evaluated as

$$u_n = \frac{1}{|M|!} \sum_{p \in \mathcal{P}} \left[V(S_{n,p} \cup \{n\}) - V(S_{n,p}) \right]. \tag{5}$$

145 Here, $p \in \mathcal{P}$ is the permutation of clients updates, i.e., $\Delta\phi^t_{[n]}, \forall n \in [M]$, with a probability of $\frac{1}{|M|!}$;
146 $V(\cdot)$ is monotone quantifying performance score evaluated on the test dataset with the permuted
147 subset of client updates, which translates to the improvement in global model accuracy and is
148 measured by ϵ; $S_{n,p}$ is a set of preceding clients for a permutation p selected for model aggregation
149 – then, all possible orders of clients contribute to the average contribution (5). Formally, for a test
150 dataset $(x_i, y_i) \sim \mathcal{D}$, $V(\mathcal{D}) = V_{\text{ref}} - \frac{1}{|\mathcal{D}|} \sum_{i=1}^{|\mathcal{D}|} l(w(\alpha); (x_i, y_i))$ such that $\mathcal{F}(\alpha^*) \leq l(;) \leq V_{\text{ref}}$
151 with $\mathbb{E}\left[\mathcal{F}(\alpha) - \mathcal{F}(\alpha^*)\right] < \epsilon$. The method of evaluating the marginal contribution of the local
152 models during the aggregation period in (5) primarily ignores the constrained monetary budget at
153 the aggregator. In principle, response to all M queries cannot be offered tokens except for the
154 participation reward.

155 Next, while keeping the learning objectives intact, this raises the following two research questions :
156 (i) *how many updates can the aggregator afford with the given budget*, and (ii) *how to fairly allocate*
157 *the available budget given only a subset of received local updates contribute in improving the model*
158 *performance?* This also challenges finding comparable contributions, discouraging free-riders, and
159 handling possible attacks during model aggregation. Therein, the tokens allocation scheme has
160 to be *justified* as per the accounted marginal contribution of the local updates and the available
161 monetary constraints at the edge aggregator. Once done, the records of the contribution accounting
162 mechanism are kept on the Blockchain, hence, allowing contributors to make queries about the
163 relevant information during FL training.

164 We formalize this with the following definition on the constrained monetary budget at the aggregator.

165 **Definition 1** (**Quota**). *We define quota* $[\mathcal{Q}] \subseteq [M]$ *as the affordable number of enrolled model*
166 *updates with the fixed monetary budget* $\mathbb{B}$ *that satisfies the pre-defined global model accuracy*
167 $0 \leq \epsilon \leq 1$ *(i.e.,* $\mathbb{E}\left[\mathcal{F}(\alpha) - \mathcal{F}(\alpha^*)\right] < \epsilon$*) upon the exchange of dual updates* α*. Then, given* $\mathbb{B}$ *that*
168 *translates into tokens, we allocate tokens as per the proportion of contribution amongst the chosen*
169 $[\mathcal{Q}]$*. For simplicity, we assume* $\mathbb{B}$ *equals to the number possible tokens.*

170 Note that the dynamic adjustment of $|\mathcal{Q}|$ in relation to changing the value of available budget $\mathbb{B}$ is
171 left as a future work; here, we focus our analysis on a fixed $\mathbb{B}$ and constrained quota. Then, with
172 Definition 1, we have the following proposition.

173 **Proposition 1.** *For a fixed* $\mathbb{B}$*, assuming the absence of any malicious updates, a larger size of*
174 $[\mathcal{Q}] \subseteq [M]$ *undervalues the client's contribution as it leads to a lower average marginal valuation of*
175 *the client local updates, and hence, affects the number of allocated tokens.*

176 *Proof Sketch.* The proof follows the properties of standard Shapley value [32] derived from the
177 concept of cooperative games while evaluating the marginal contributions in (5). Take a specific
178 permutation instance $p \in \mathcal{P}$, where the score (or the payoffs) with predecessor set of client n, i.e.,
179 $S_{n,p} = \{m \in [M] | p(m) < p(n)\}$ is $V(S_{n,p})$. Then, following *Linearity* and *Symmetry* properties of
180 $V(S_{n,p})$, we can generalize $V(S_{n,p} \cup \{n\}) \leq V(S_{n,p} \cup \{n\} \cup \{m\}), \forall n, m \in [\mathcal{Q}]$. That means the
181 average marginal contribution gets lowered, whereas the equality holds only if the local updates from
182 $\{m\}$ are invaluable (or malicious). $\qquad\square$
183 In addition, with the increase in the rounds of permutation δ and fixed an affordable number of
184 available quotas $|\mathcal{Q}|$, the *range* of $V(\mathcal{Q})$ changes; hence, affecting the quantity of allocated tokens.
185 Given the contributions are only *ranked* in order, $\Theta(\log|\mathcal{Q}|)$, is the best proportional fairness, and
186 enjoys a permutation complexity of $\mathcal{O}(M \log M)$ [31]. The details of the overall operation are
187 provided as a pseudo-code in Algorithm 1.

3.3 Tokenized Incentives for Data Contributions

189 With the primal-dual formalization of the global learning problem, the participating clients can
190 employ any arbitrary algorithm to solve the local learning problem and trade the output dual variables
191 with the edge aggregator. Following the contribution-based aggregation scheme, the edge aggregator

---

Algorithm 1 `FedToken`: Contribution-based Tokenized Incentives in FL

 1: `Initialize`: Initial global model ϕ^1, $[\mathcal{Q}] = \emptyset$, $|\mathcal{Q}|$, δ, learning parameters.
 2: **for all** global iteration $t \in \{1, 2, \ldots, \tau\}$ **do**
 3:    `Select[M]`: Select $[M]$ clients at random;
 4:    **for all** $m \in [M]$ **do**
 5:      `Get`: Dual variables $\Delta\phi^t_{[m]}, \forall m$ solving (3);
 6:    **end for**
 7:    `SetCounter`: $c = 0$;
 8:    **while** $c < \delta$ **do**
 9:      `Set`: $v^c_0 = V(\emptyset)$;
10:      **for all** $m \in [M]$ **do**
11:        **if** $|V(\phi^c) - v^c_{m-1}| < \epsilon$ **then**
12:          `Update`: $v^c_m = v^c_{m-1}$;
13:        **else**
14:          `Set`: $v^c_m \leftarrow V(\{p^c[1], \ldots, p^c[m]\})$;
15:        **end if**
16:        `Update`: $u_{p^c[m]} \leftarrow [\frac{c-1}{c}]u_{p^{c-1}[m]} + \frac{1}{c}[v^c_m - v^c_{m-1}]$;
17:      **end for**
18:      `UpdateCounter`: $c = c + 1$;
19:    **end while**
20:    `Sort[M]`: Sort clients in the descending order of $u_{p^c[m]}$;
21:    `Aggr[Q]`: Select $|\mathcal{Q}|$ clients updates for aggregation;
22:    **for all** $q \in [\mathcal{Q}]$ **do**
23:      `TokenAllocation`;
24:    **end for**
25:    `Update`: global variable as ϕ^t (4);
26: **end for**

---

efficiently allocates tokens as per its available budget opting for the following simple token distribution schemes: (i) Proportional Fair (PF) allocation, where the tokens are distributed as per the proportion of contribution in improving the global model performance, (ii) Equal Pay (EP), where all participating clients are allocated equal shares of available tokens. Note that the proposed incentive design offers *set-aside* tokens for the initial participation. For $t \in \{2, 3, \ldots \tau\}$, to eliminate the free-riders problem, we multiply the initial allocated slack tokens with a discount factor $\zeta^t < 1$; hence, disincentivizing poor local updates.

4   Performance Evaluation

Dataset and Model. To validate the effectiveness of our FL design with tokenomic mechanism, we conduct experiments with well-known CIFAR-10 datasets [33], which covers 60000 data samples, having 32×32 colored images in 10 classes equally. There are 50000 training images and 10000 test images. We leverage a convolutional neural network (CNN) model that is maintained in a distributed manner through blockchain technology. The designed network model possesses hidden layers for feature extraction and fully connected layers for classification.

Implementation details. We follow [34] to replicate the non-i.i.d. characteristics of dataset across clients. We set $N = 100$ clients on a single server with 26 core Intel Xeon 2.6 GHz, 256 GB RAM, 4 TB, Nvidia V100 GPU, Ubuntu OS and assume that the clients and server are synchronized, and evaluate the model performance by considering the impact of available quotas as a selection strategy during the model aggregation. For training, each client model is trained for 10 epochs by SGD with a momentum 0.9, batch size of 10, and the learning rate 0.01. Unless specified, we set the value of $M = [0.1 \times N]$, which exhibits a good balance between computational efficiency and convergence rate, as demonstrated experimentally in [5]. The default value of discounting factor ζ^t is set to 0.7.

Baseline. The overall system design considers strategic model aggregation for improving the learning objective and distribution of tokens amongst clients for training FL. In particular, the `FedToken` is built up based on the contribution-based aggregation to enhance the quality of updates from FL clients while reducing the communication overhead. Therefore, we evaluate the performance of our proposed `FedToken` with comparable and competitive client selection, and aggregation schemes FedAvg [5], and FedFomo [34], and further present an analysis of two tokenized incentive schemes, as PF and EP. We tokenized the contributions and reward the participating clients based on the fixed monetary budget $\mathbb{B}$ and corresponding affordable quota $|\mathcal{Q}|$ per training round.

(a) Impact of $|\mathcal{Q}|/|M|$ Ratio.   (b) Token rewards.   (c) Impact of δ.

(d) Overhead.   (e) Varying $|\mathcal{Q}|$ for a fixed $\mathbb{B}$.

Figure 1: Performance Analysis of `FedToken`: a) impact of $|\mathcal{Q}|$ value, b) token Rewards, c) impact of $\delta = \{1, 2, 3, 4\}$ on training performance, d) communication overhead (in MB), and e) varying $|\mathcal{Q}|$.

Results. Fig. 1a shows the impact of available quotas $|\mathcal{Q}|$ on the training efficiency. We see the contribution-based model aggregation strategy strengthens the performance of `FedToken`, as compared to FedAvg, and FedFomo. Moreover, given a low availability of $|\mathcal{Q}|$, i.e., the monetary constraints or the market for participation, the significance of including quality local updates from FL clients is prominent and is observed to improve the test accuracy up to 12.5% of FL. In specific, when the ratio of $|\mathcal{Q}|/|M| < 0.8$, the `FedToken` achieves better accuracy and converges faster than the baselines.

Next, in Fig.1b, we provide an evaluation of tokenized incentives per round, where we observe clients are encouraged to join and contribute quality local updates in the training process for higher token offers – leading to competitiveness in individual contributions. The figure compares the amount of tokens received by a client under different scenarios (EP and PF). First, to discourage free-riders and stale updates, as participation tokens are reserved and granted, a discount factor $\zeta^t = 0.7, \forall t$, is multiplied with the allocated tokens. Second, `FedToken` can effectively detect data poisoning attacks resulting in undesirable local updates, thereby not allocating any participation tokens and saving the token budget for the rest. Fig. 1c demonstrates the impact of random permutation in evaluating the value of local updates in model aggregation. We observe a fundamental limit on imposing larger local computations versus the number of permutations at the aggregator for improving model performance. This means the aggregator can compensate the costs of local computation with added δ, revealing the scope for incentive management.

In Fig. 1d, we analyze the communication overhead of `FedToken` as compared with the discussed baselines. The proposed approach is communication-efficient and offers better convergence with a low overhead of approx. 72.76% and 29.47% on average in comparison with FedAvg and FedFomo, respectively, due to the strategic selection of local updates as the contribution abiding available quotas. Finally, Fig. 1e evaluates the impact of budget constraint $\mathbb{B} = 1000$ tokens with the affordable quota $|\mathcal{Q}|$ on the learning performance. To begin with, each participant is allocated with a token in their balance and later discounted as per their contribution if not selected during aggregation. We observe a relation between test accuracy and the rounds of communication to exhaust the available tokens for different values of quotas. In principle, strategic selection of clients update allows optimal use of available tokens, as first argued in Fig. 1a. This further opens up several research opportunities, for instance, to design a collaborative data trading market relating tokens and purchasing quotas.

5 Conclusion

In this work, we proposed tokenized incentives for clients contributing quality updates to train an FL model in a communication-efficient manner. We developed a holistic approach where token allocation under budget constraints, formalized as quota, is based on the value of contribution during the model aggregation phase, which later favors quality participation by virtue of an efficient selection of local model parameters. The proposed tokenized incentive design enables robust integration of clients with heterogeneous profiles for collaborative FL training while discouraging poor updates and attacks in the foreseen decentralized network architecture as Web 3.0. Finally, we evaluated and analyzed the performance of the proposed approach via extensive simulations on CIFAR-10 dataset.

References

[1] T. Aste, P. Tasca, and T. Di Matteo, "Blockchain technologies: The foreseeable impact on society and industry," 2017.

[2] L. D. Nguyen, S. R. Pandey, B. Soret, A. Broering, and P. Popovski, "A marketplace for trading ai models based on blockchain and incentives for iot data," *arXiv preprint arXiv:2112.02870*, 2021.

[3] M. Javaid, A. Haleem, R. P. Singh, S. Khan, and R. Suman, "Blockchain technology applications for industry 4.0: A literature-based review," *Blockchain: Research and Applications*, p. 100027, 2021.

[4] D. L. Nguyen, "Blockchain for internet of things: Data markets, learning, and sustainability," 2022.

[5] B. McMahan *et al.*, "Communication-efficient learning of deep networks from decentralized data," in *International Conference on Artificial Intelligence and Statistics (AISTATS)*, Fort Lauderdale, FL, USA, April 2017.

[6] P. Kairouz *et al.*, "Advances and open problems in federated learning," *Foundations and Trends in Machine Learning*, vol. 14, no. 1–2, pp. 1–210, 2021.

[7] J. Konečný, H. B. McMahan, D. Ramage, and P. Richtárik, "Federated optimization: Distributed machine learning for on-device intelligence," *arXiv preprint arXiv:1610.02527*, 2016.

[8] D. C. Nguyen, M. Ding, P. N. Pathirana, A. Seneviratne, J. Li, and H. V. Poor, "Federated learning for internet of things: A comprehensive survey," *IEEE Communications Surveys & Tutorials*, vol. 23, no. 3, pp. 1622–1658, 2021.

[9] J. Xu, B. S. Glicksberg, C. Su, P. Walker, J. Bian, and F. Wang, "Federated learning for healthcare informatics," *Journal of Healthcare Informatics Research*, vol. 5, no. 1, pp. 1–19, 2021.

[10] S. R. Pandey *et al.*, "A crowdsourcing framework for on-device federated learning," *IEEE Transactions on Wireless Communications*, vol. 19, no. 5, pp. 3241–3256, Feb. 2020.

[11] T. H. T. Le, N. H. Tran, Y. K. Tun, M. N. Nguyen, S. R. Pandey, Z. Han, and C. S. Hong, "An incentive mechanism for federated learning in wireless cellular networks: An auction approach," *IEEE Transactions on Wireless Communications*, vol. 20, no. 8, pp. 4874–4887, 2021.

[12] Y. Zhan, P. Li, Z. Qu, D. Zeng, and S. Guo, "A learning-based incentive mechanism for federated learning," *IEEE Internet of Things Journal*, vol. 7, no. 7, pp. 6360–6368, 2020.

[13] J. Kang, Z. Xiong, D. Niyato, H. Yu, Y.-C. Liang, and D. I. Kim, "Incentive design for efficient federated learning in mobile networks: A contract theory approach," in *2019 IEEE VTS Asia Pacific Wireless Communications Symposium (APWCS)*, pp. 1–5, IEEE, 2019.

[14] T. Song, Y. Tong, and S. Wei, "Profit allocation for federated learning," in *2019 IEEE International Conference on Big Data (Big Data)*, pp. 2577–2586, IEEE, 2019.

[15] S. M. Lundberg and S.-I. Lee, "A unified approach to interpreting model predictions," *Advances in neural information processing systems*, vol. 30, 2017.

[16] A. F. Shorrocks *et al.*, "Decomposition procedures for distributional analysis: a unified framework based on the shapley value," *Journal of Economic Inequality*, vol. 11, no. 1, pp. 99–126, 2013s.

[17] R. Zeng, S. Zhang, J. Wang, and X. Chu, "Fmore: An incentive scheme of multi-dimensional auction for federated learning in mec," in *2020 IEEE 40th International Conference on Distributed Computing Systems (ICDCS)*, pp. 278–288, IEEE, 2020.

[18] Y. Zhan, P. Li, K. Wang, S. Guo, and Y. Xia, "Big data analytics by crowdlearning: Architecture and mechanism design," *IEEE Network*, vol. 34, no. 3, pp. 143–147, 2020.

[19] L. Gao, L. Li, Y. Chen, C. Xu, and M. Xu, "Fgfl: A blockchain-based fair incentive governor for federated learning," *Journal of Parallel and Distributed Computing*, vol. 163, pp. 283–299, 2022.

[20] H. Kim, J. Park, M. Bennis, and S.-L. Kim, "On-device federated learning via blockchain and its latency analysis," *arXiv preprint arXiv:1808.03949*, 2018.

[21] H. Kim, J. Park, M. Bennis, and S.-L. Kim, "Blockchained on-device federated learning," *IEEE Communications Letters*, vol. 24, no. 6, pp. 1279–1283, 2019.

[22] C. Ma, J. Li, L. Shi, M. Ding, T. Wang, Z. Han, and H. V. Poor, "When federated learning meets blockchain: A new distributed learning paradigm," *IEEE Computational Intelligence Magazine*, vol. 17, no. 3, pp. 26–33, 2022.

[23] J. Han, A. F. Khan, S. Zawad, A. Anwar, N. B. Angel, Y. Zhou, F. Yan, and A. R. Butt, "Tokenized incentive for federated learning," in *Proceedings of the Federated Learning Workshop at the Association for the Advancement of Artificial Intelligence (AAAI) Conference*, 2022.

[24] S. Nakamoto, "Bitcoin: A peer-to-peer electronic cash system," *Decentralized Business Review*, p. 21260, 2008.

[25] G. Wood *et al.*, "Ethereum: A secure decentralised generalised transaction ledger," *Ethereum project yellow paper*, vol. 151, no. 2014, pp. 1–32, 2014.

[26] Y. Zhao, J. Zhao, L. Jiang, R. Tan, D. Niyato, Z. Li, L. Lyu, and Y. Liu, "Privacy-preserving blockchain-based federated learning for iot devices," *IEEE Internet of Things Journal*, vol. 8, no. 3, pp. 1817–1829, 2020.

[27] X. Bao, C. Su, Y. Xiong, W. Huang, and Y. Hu, "Flchain: A blockchain for auditable federated learning with trust and incentive," in *2019 5th International Conference on Big Data Computing and Communications (BIGCOM)*, pp. 151–159, IEEE, 2019.

[28] Z. Wang and Q. Hu, "Blockchain-based federated learning: A comprehensive survey," *arXiv preprint arXiv:2110.02182*, 2021.

[29] S. Boyd, S. P. Boyd, and L. Vandenberghe, *Convex optimization*. Cambridge university press, March 2004.

[30] S. R. Pandey, L. D. Nguyen, and P. Popovski, "A contribution-based device selection scheme in federated learning," *IEEE Communications Letters*, 2022.

[31] R. Jia, D. Dao, B. Wang, F. A. Hubis, N. Hynes, N. M. Gürel, B. Li, C. Zhang, D. Song, and C. J. Spanos, "Towards efficient data valuation based on the shapley value," in *The 22nd International Conference on Artificial Intelligence and Statistics*, pp. 1167–1176, PMLR, 2019.

[32] L. S. Shapley, "A value for n-person games," *Classics in game theory*, vol. 69, 1997.

[33] "Cifar-10 and cifar-100 datasets." https://www.cs.toronto.edu/~kriz/cifar.html. (Accessed on 09/14/2022).

[34] M. Zhang *et al.*, "Personalized federated learning with first order model optimization," in *International Conference on Learning Representations (ICLR)*, Vienna, Austria, May 2021.