
Subgraph Federated Learning via Spectral Methods

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Abstract

We consider the problem of federated learning (FL) with graph-structured data distributed across multiple clients. In particular, we address the prevalent scenario of interconnected subgraphs, where interconnections between clients significantly influence the learning process. Existing approaches suffer from critical limitations, either requiring the exchange of sensitive node embeddings, thereby posing privacy risks, or relying on computationally-intensive steps, which hinders scalability. To tackle these challenges, we propose FEDLAP, a novel framework that leverages global structure information via Laplacian smoothing in the spectral domain to effectively capture inter-node dependencies while ensuring privacy and scalability. We provide a formal analysis of the privacy of FEDLAP, demonstrating that it preserves privacy. Notably, FEDLAP is the first subgraph FL scheme with strong privacy guarantees. Extensive experiments on benchmark datasets demonstrate that FEDLAP achieves competitive or superior utility compared to existing techniques.

1 Introduction

Graph-structured data naturally arise in a wide variety of real-world scenarios, with nodes representing distinct entities and edges reflecting relationships among them. Illustrative examples include anti-money laundering, social networks, and supply chains.

For graph-structured data, graph neural networks (GNNs) [1–3] have demonstrated remarkable effectiveness in tasks such as drug discovery, social network analysis, and traffic prediction, by capturing both node and structural information. However, in many real-world scenarios, as in the examples above, graph data is distributed across multiple parties, hindering direct data sharing due to regulatory, privacy, or proprietary considerations. This has led to the emergence of federated learning (FL) [4] as a promising paradigm to harness globally distributed graph data while preserving local data privacy. A particularly common setting for graph-structured data is **Subgraph Federated Learning (SFL)** [5], where each client holds a disjoint subgraph of a globally connected graph.

Several SFL methods have been proposed [5–11], but most except [11] involve sharing node features or learned embeddings, raising **critical privacy concerns**. Furthermore, attaining robust predictive accuracy under limited information exchange remains challenging. This reflects the well-known accuracy–privacy–communication trilemma [12], where improving one aspect often comes at the expense of the others. More recently, [13] proposed FEDSTRUCT, an SFL method that avoids sharing sensitive features by leveraging global graph structure. Although FEDSTRUCT offers stronger privacy than earlier methods (as clients share significantly less information), it still involves sharing partial adjacency matrix information and node structure features, which can potentially leak information. In addition, it **lacks a formal privacy analysis** and demands considerable communication overhead.

Our Contribution. We tackle the challenge of SFL for node classification, where a large graph is partitioned into disjoint subgraphs held by different clients. We adopt the common setting considered in [13, 10], where clients know how their subgraphs connect to others, but neither the central server nor any client can access the internal features or edges of other subgraphs. This scenario naturally

