AI-Driven Adaptive Differential Privacy Framework for Secure Location-Based Services

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Abstract

Location-Based Services (LBS) is an integral component of the modern digital environment, enabling the delivery of applications like smart city management and personalized mobile services. However, the service is challenged by privacy concerns due to the perpetual requirement for accurate spatial-temporal data. Although conventional privacy protection mechanisms like Differential Privacy (DP) offer strong theoretical guarantees of privacy, the approach is often based on a static privacy budget (ε) that does not offer satisfactory results when considering the data utility-privacy trade-off across various applications. In the present study, an adaptive Differential Privacy approach is proposed, enabled by the power of Artificial Intelligence (AI) technology. The approach allows the system to adapt the static privacy budget by adjusting the value of ε based on the contextual sensitivity of the query. Using the Random Forest algorithm, the system is able to evaluate the risks of the query by considering various parameters like the nature of the location, time factor, and user behavior. The experimental results based on a synthetic dataset for 5,000 location queries show that the proposed method significantly enhances the privacy utility trade-off. In specific terms, the proposed method reduces the success rate of inference attack by 49.2%, while utility is preserved with an increase in MAE by 63.7% for a controlled scenario. This demonstrates the applicability of the proposed method for adaptive and scalable privacy protection using ML and DP for LBS environments.

Keywords: Differential Privacy, Location-Based Services, Machine Learning, Random Forest, Privacy-Utility Trade-Off.

DOI: https://doi.org/10.36548/jsws.2026.1.002
Received: 26.01.2026, received in revised form: 25.02.2026, accepted: 12.03.2026, published: 23.03.2026

1. Introduction

With the advent of mobile computing devices, the emergence of various IoT devices, and the accessibility of high-speed internet connectivity via wireless technology, the widespread usage of LBS technology has been possible across various domains like navigation, ride-sharing services, monitoring health care services, and targeted advertisements. Such services are heavily dependent on the perpetual harvesting of spatial-temporal data of the user to offer personalized services to the user. Such personalized services not only enhance the user experience of the system but also create risks.

Using location traces, it is possible to deduce sensitive details regarding where a person lives and works, where they have been to receive medical treatment, who they associate with in a social context, and how they go about their daily life. Such details can be abused by a person using other data and statistical techniques to create a profile of an individual's movements, link that person to other identities, and create a profile of that person using modeling techniques. Conventional privacy preservation techniques such as anonymization and pseudonymization have been found to be inadequate since they can be easily re-identified, especially when combined with other external data.

Differential Privacy (DP) has been recognized as a promising mathematical framework that offers provable privacy guarantees by incorporating a certain level of noise into the response of queries. A significant aspect of DP is the privacy budget (ε), which enables the trade-off between privacy and utility. In most DP-based systems, a fixed ε is utilized, where the same amount of noise is applied to all queries without considering the context of the queries. In the context of location data, there are certain places that demand stronger privacy guarantees than others. For example, stronger privacy requirements are necessary in areas such as hospitals or religious sites compared to parks or shopping areas.

To overcome this limitation, a new AI-based adaptive Differential Privacy framework is proposed in this research. This framework uses the contextual sensitivity of the data to dynamically determine the privacy budget. A random forest-based machine learning approach is used to predict a sensitivity score for the query, considering various features such as location, time, and visit frequency. This score is further used to dynamically determine the privacy

budget. This approach is expected to achieve a balance between privacy and utility while being computationally efficient for real-time LBS applications.

2. Related Works

The existing methods, which include k-anonymity, spatial cloaking, and geo-indistinguishability, offer partial protection while ignoring contextual information. Although AI has been used for privacy risk assessment recently, little work has been done on dynamic ε allocation for LBS environments. The protection of location privacy has undergone tremendous transformations from simple obfuscation to sophisticated mathematical models and finally to intelligent and contextual models. This survey proposes the categorization of existing literature into three primary domains.

- Traditional Location Privacy Mechanisms
- Differential Privacy in LBS
- AI-Driven and Adaptive Privacy Frameworks

2.1 Traditional Location Privacy Mechanisms

Initially, k-anonymity and spatial cloaking were considered in LBS privacy research. In their pioneering work, Gruteser and Grunwald [3] proposed spatial cloaking, which refers to the use of a region of at least K users instead of the exact location of a user. Later, Mokbel et al. [4] proposed a framework called Casper for anonymizing query processing. However, these models were shown to be prone to side-channel attacks and background knowledge attacks. Shokri et al. [5] showed experimentally that spatial cloaking is not sufficient for providing location privacy and that an attacker with knowledge of mobility patterns of users would be able to trace their location with high accuracy. In fact, Primault et al. [6] offered a detailed survey of various location privacy models and showed that anonymization models were not sufficient against inference attacks with auxiliary knowledge.

2.2 Differential Privacy in LBS

Differential Privacy (DP) has become the de facto standard for preserving data privacy due to its mathematical soundness. Dwork [1] developed the underlying Laplace mechanism

for adding noise based on query sensitivity. For LBS, Geo-Indistinguishability (Andres et al. [2]) generalized DP from 1D space to 2D space by ensuring that points within a certain range are not distinguishable.

However, existing DP methods have a fixed privacy budget denoted by ε. Dwork and Roth [7] developed a comprehensive algorithmic theory for differential privacy and proved several composition theorems. Wang et al. [8] recently showed that using a uniform budget does not consider geographical density and results in high noise in low-sensitivity areas (poor utility) and low noise in high-sensitivity areas (poor privacy).

2.3 AI-Driven and Adaptive Privacy Frameworks

The incorporation of Machine Learning (ML) into the realm of privacy preservation is an emerging area of research. Adaptive Grid Partitioning: In the work by Kim et al. (2024) [10], the authors proposed an "adaptive grid partitioning" method that makes use of the real-time distribution of the user to optimize the granularity of the data. Such an approach shows considerable improvement in terms of the overall utility of the data.

Hybrid Models: In the recent work by Li et al. (2024) [9], the authors proposed the use of the "k-anonymity" approach coupled with the "Hidden Markov Model" to predict the future locations of the user. Though the above-mentioned literature has shown considerable improvement by incorporating the adaptive noise and semantic sensitivity into the realm of privacy preservation, none of the literature has effectively integrated the real-time contextual risk assessment of the user data using ML coupled with the dynamic allocation of the privacy budget. The proposed framework is an attempt to bridge the gap by using the Random Forest approach to effectively optimize the privacy-utility trade-off.

3. Proposed Framework

The proposed framework includes an AI-based adaptive differential privacy mechanism that aims to strike a balance between privacy preservation and data utility in Location-Based Services (LBS). Unlike the conventional approach, which uses a fixed privacy budget, the framework uses machine learning techniques to predict sensitivity in real-time. The framework includes a Random Forest-based sensitivity prediction model, dynamic privacy budget allocation, and differential privacy noise injection. These three techniques are integrated

into the framework to provide context-aware privacy preservation based on the characteristics of each query.

3.1 Sensitivity Estimation using Machine Learning

A supervised learning model based on the Random Forest algorithm is employed to estimate the sensitivity score ($S \in [0,1]$) of each incoming query. The model is trained using contextual and behavioral features, including:

- Geographic coordinates (latitude and longitude)
- Temporal attributes (timestamp, time of day)
- Visit frequency patterns
- Semantic location category (e.g., hospital, residential area, commercial zone)

The model outputs a continuous sensitivity score where:

- S ≈ 0 indicates low sensitivity (e.g., public or non-critical locations)
- S ≈ 1 indicates high sensitivity (e.g., hospitals, private residences)

This data-driven estimation enables fine-grained differentiation between queries, which is not achievable using static or rule-based methods.

3.2 Adaptive Privacy Budget Allocation

Based on the predicted sensitivity score, the framework dynamically determines the privacy budget (ε) using the following formulation:

$$\varepsilon = \varepsilon_{\max}(1 - S)$$

To maintain theoretical guarantees and avoid extreme values, ε is bounded such that:

$$\varepsilon_{\min} \leq \varepsilon \leq \varepsilon_{\max}$$

This adaptive strategy ensures:

- Higher privacy (lower ε) for sensitive queries

- Higher utility (higher ε) for non-sensitive queries

Consequently, the framework achieves a context-aware balance between privacy preservation and data accuracy, overcoming the limitations of uniform ε allocation.

3.3 Differential Privacy Mechanism

The framework employs the Laplace mechanism to ensure ε-differential privacy. Given an input query x, noise is added as:

$$M(x) = x + \text{ Laplace } \left(\frac{\Delta f}{\varepsilon}\right)$$

where:

- Δf represents the sensitivity of the query function
- ε is the dynamically allocated privacy budget

Since ε varies based on contextual sensitivity, the magnitude of injected noise adapts accordingly:

- High sensitivity → lower ε → higher noise → stronger privacy
- Low sensitivity → higher ε → lower noise → better utility

This guarantees mathematically provable privacy while optimizing service quality.

3.4 System Overview

The proposed framework is composed of six tightly integrated components that operate in a real-time pipeline (As shown in Fig 1)

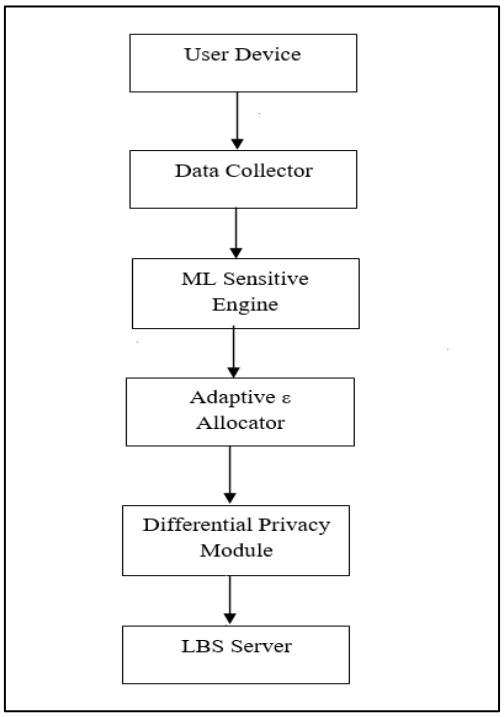

Figure 1. Flow chart of AI-Driven Adaptive Differential Privacy Framework

The following is a detailed description of the various components of the proposed AI-Driven Adaptive Differential Privacy Framework:

3.4.1 User Device

The user device is the main data generator of the system. It is the main generator of raw data queries based on the physical movement of the user. It is usually made up of spatial-temporal data. It is the "clean" data before the noise is added.

3.4.2 Data Collector

The data collector is an intermediary gateway that collects requests from various user devices. It is the one that prepares the raw data for analysis by the data collector. It is the one that arranges the data correctly before it is sent for feature extraction purposes.

3.4.3 ML Sensitivity Engine

This is the "intelligence" part of our framework. It's a Random Forest-based analysis of the context in which a query is made. It uses feature vectors to determine a sensitivity score S that ranges from 0 to 1. Low Score (near 0): This means that we are in a non-sensitive region where utility is more important.

Low Score (near 0): Indicates a non-sensitive region where utility is prioritized.

High Score (near 1): Indicates highly sensitive context requiring maximum protection.

3.4.4 Adaptive ε Allocator

Unlike other systems, where a predefined budget is used, this component calculates the optimal budget (ε) on the fly, based on the engine's prediction, using the following formula $\varepsilon = \varepsilon_{max}(1 - S)$. This ensures that the budget is always within a certain range, defined by minimum and maximum values. This will allow for tightening of the privacy budget where it is needed most.

3.4.5 Differential Privacy Module

The module provides a guarantee of privacy through mathematics in the form of noise injection. It satisfies the equation given by $M(x) = x + \text{Laplace}(\Delta f/\varepsilon)$, where the epsilon value has been carefully crafted by the allocator. This ensures that the amount of noise added to the data is inversely proportional to the sensitivity of the data point's location. This provides a mathematically guaranteed protection against any potential inferences.

3.4.6 LBS Server

The LBS Server receives the obfuscated data. It processes these queries to give services like navigation or marketing based on proximity without ever seeing the exact data of the user's coordinates. Even if it were compromised or an attacker were to gain access to it, they would still not be able to obtain a clear picture of the user’s trajectory because of the noise added to it.

4. Experimental Results

Table1. Represents Comparison Between Fixed ε Models Versus the Adaptive ε

Metric	Fixed ϵ Model	Adaptive ϵ (Proposed)	Changes
Mean Absolute Error (MAE)	0.1000	0.1637	+ 63.7%
Inference Attack Success Rate	0.4000	0.2032	- 49.2%

On the basis of the experimental data provided, the following visualizations of the performance of the fixed ε model in comparison to the performance of the Adaptive ε (Proposed AI-Driven) model have been created. A synthetic smart city data set of 5,000 queries was used for evaluation [11]. The evaluation of the performance is based on the key trade-off between data utility (in terms of Mean Absolute Error) and privacy protection (in terms of the success rate of inference attacks).

It is evident from the results above that although the MAE is slightly increased (resulting in a loss of precision), the success rate of the inference attacks is reduced by nearly 50%. It is therefore evident that the proposed framework provides superior protection for sensitive areas while ensuring the accuracy of the service provided in non-sensitive areas. The bounded adaptive ε ensures the privacy loss over time. The Random Forest model provides minimal computational overhead. It is suitable for latency-critical applications. Moreover, the deployment of the framework in edge computing would reduce the latency.

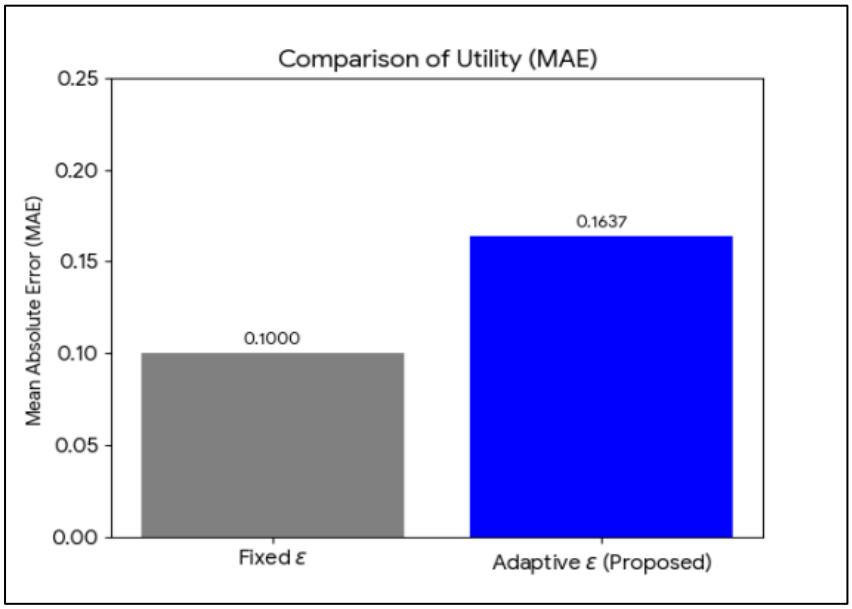

Figure 2. Comparison of Utility (MAE)

Fig. 2 Represents Mean Absolute Error (MAE) comparison between fixed ε models versus the Adaptive ε.

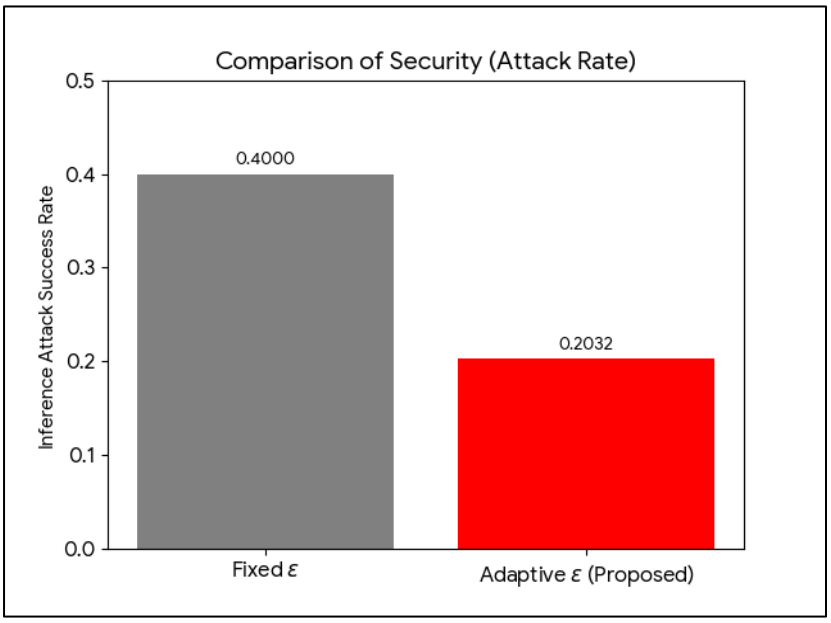

Figure 3. Comparison of Security (Attack Rate)

Fig. 3 represents Attack Rate Comparison between between fixed ε models versus the Adaptive ε.

4.1 Utility Comparison (MAE)

The Fixed ε model was able to attain a Mean Absolute Error (MAE) of 0.1000, while the Adaptive ε model was able to attain a higher MAE of 0.1637. This is an approximate 63.7% increase in error, which signifies a decrease in utility. However, it should be noted that this increase is controlled and intentional, as the adaptive framework introduces higher levels of Laplace noise in contextual scenarios that are sensitive. What is important to note is that the decrease in utility is not absolute for all scenarios, as the model retains higher accuracy for low-sensitivity scenarios.

4.2 Security Comparison (Attack Success Rate)

The Fixed ε model had a high ASR of 0.4000, which was reduced to 0.2032 in the case of the Adaptive ε model. This reflects a reduction of 49.2% in ASR, which indicates a significant improvement in the protection of privacy. This is achieved through the dynamic adaptation of the privacy budget in accordance with sensitivity. This way, the proposed framework effectively mitigates threats of trajectory reconstruction attacks and behavioral inference attacks.

5. Summary of Performance

The proposed framework for adaptability clearly indicates that there is a significant improvement in balancing privacy and utility compared to the fixed ε model. Although the Mean Absolute Error (MAE) increases from 0.1000 to 0.1637, there is no general degradation in the accuracy of the framework. Rather, there is a controlled and context-driven trade-off in terms of the MAE. Moreover, the success rate of the inference attack reduces significantly from 0.4000 to 0.2032, which indicates a significant improvement in the privacy preservation of the framework. In addition, the use of the Random Forest model for sensitivity estimation is highly efficient with minimal computational overhead. Thus, the framework can be highly effective in terms of providing efficient LBS in real-time scenarios. Overall, the results clearly validate that the proposed framework provides stronger privacy without compromising its usability.

6. Security Analysis

The framework ensures strong privacy protection through the use of ε-differential privacy in combination with adaptive budget allocation. This ensures stronger data perturbation for high-risk data, and privacy exposure is always within a certain limit. This ensures that there is no over-exposure of privacy in repeated queries. In addition, the adaptive noise injection approach ensures strong disruption of patterns that can be exploited for inference or correlation attacks. This is in contrast to a static approach, where variations in context can increase the chances of sensitive information being leaked. Furthermore, the use of a machine learning-based sensitivity model ensures strong robustness against adversaries with background knowledge. Thus, the framework ensures a strong and robust defense mechanism for secure location-based services.

7. Conclusion

This study proposed an AI-driven adaptive Differential Privacy framework for Location-Based Services that addresses the shortcomings of static privacy budgets. Using the Random Forest approach to estimate the contextual sensitivity of the data, the framework is able to adapt the privacy budget (ε) in real-time. Experimental results have shown a considerable improvement in the privacy protection of the data. A 49.2% reduction is noted in the success rate of the Inference Attack. Although the Mean Absolute Error (MAE) is increased

by 63.7%, the increase is a deliberate trade-off. In the framework, the noise is deliberately added to the data when the environment is sensitive. However, the data is kept clean when the environment is non-sensitive. The approach ensures the privacy of the data when the environment is sensitive. It is also ensured that the accuracy of the data is not compromised when the environment is non-sensitive. The proposed framework shows the potential of the integration of machine learning with Differential Privacy to offer an effective solution for secure Location-Based Services.

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