Received: 27 September 2024 | Revised: 26 October 2024 | Accepted: 2 November 2024 | Published online: 5 November 2024

International Journal of Advance in Applied Science Research, Volume 3, 2024
https://h-tsp.com/

Scalable Edge Computing Framework for Real-Time Data Processing in Fintech Applications

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Abstract: ***The research investigates an edge-computing architecture designed to meet the stringent latency and scalability needs of financial technology applications. By positioning edge nodes close to end users for local data processing, the system effectively reduces network transmission delays, a key factor in real-time financial transactions. Using predictive caching algorithms informed by Markov models, frequently accessed data is pre-stored at these nodes, significantly improving retrieval times. Our findings show a notable 38% reduction in overall latency compared to traditional centralized architectures, with edge processing delays consistently below 120 ms in high-frequency transaction environments. Moreover, the architecture's scalability was tested under varying load conditions, demonstrating robust performance and effective data synchronization with a two-phase protocol to maintain consistency across distributed nodes. This edge-based approach offers a promising solution for enhancing responsiveness in fintech systems, laying the groundwork for financial services capable of meeting modern performance demands.***

Keywords: Real-Time Financial Systems, Distributed Computing, Data Synchronization, Fintech Applications, Network Optimization.

1. Introduction

As the fintech industry rapidly evolves, demand for low-latency, high-performance front-end architectures is rising, driven by applications requiring real-time responsiveness and seamless user interaction. Traditional centralized systems often struggle under these demands, as their reliance on distant servers for data processing introduces delays and scalability limitations that compromise user experience in data-intensive environments (Santoso et al., 2024). To address these challenges, recent research has increasingly turned to edge computing as a means of moving data processing closer to end users, thereby reducing latency and enhancing overall system performance (Khan et al., 2019). Edge computing's decentralized model holds particular relevance for fintech applications, where high-frequency transactions and time-sensitive operations necessitate rapid processing and minimal delay. Studies highlight that processing data at edge nodes, rather than centrally, not only minimizes latency but also provides a more balanced load distribution across the system (Nezami et al., 2021; Liu et al., 2024). This architecture offers significant potential for fintech services, enabling platforms to

deliver more responsive experiences in activities such as digital payments, real-time trading, and peer-to-peer financial interactions (Zhang et al., 2024). By utilizing REEGWO for optimizing CNN-BiLSTM models, this paper offers a unique method for enhancing predictive performance, applicable to any domain needing refined deep learning optimization techniques (Wu, Z.,2024).
Recent investigations have examined the effectiveness of front-end frameworks like React and Angular within edge computing environments, revealing their potential to support dynamic data interactions and improve scalability. Research on React, for example, illustrates how edge-based deployments enhance the framework's capacity for managing high-demand interfaces, providing efficient load handling and significantly reducing response times during peak usage (Li et al., 2022). Similar results have been observed with Angular, where modular components and efficient data binding optimize data flow in distributed edge architectures, further reducing dependency on centralized resources (Hong et al., 2019). Advances in caching strategies for edge nodes have introduced additional layers of efficiency in data management, particularly relevant to fintech's real-time requirements. Predictive caching and pre-fetching approaches now enable edge nodes to retain frequently accessed data locally, minimizing the need for continuous retrieval from central servers and thereby accelerating data access (Zhang et al., 2024). These strategies align well with fintech's requirement for immediate access to accurate data and support the system's resilience against traffic spikes. Predictive caching has been shown to enhance data retrieval times by anticipating user needs and pre-loading essential information, a technique particularly useful in high-frequency financial environments (Bilokon et al., 2023; Lin et al., 2023).

Despite these advancements, implementing edge-based architectures for fintech front-end systems is not without obstacles. Ensuring data consistency across distributed nodes is critical, as fintech applications demand high accuracy to mitigate risks associated with discrepancies in financial transactions (Awotunde et al., 2021; Sun et al., 2024). Additionally, safeguarding data across distributed nodes presents security challenges that are not as prevalent in centralized systems, highlighting the need for robust security protocols that protect against potential vulnerabilities (Singh et al., 2021; Yao et al., 2024).

This research introduces a scalable front-end architecture tailored to fintech's unique requirements, leveraging React within an edge-computing framework to provide an optimized balance of speed, efficiency, and reliability. By addressing current gaps in data synchronization, caching, and security, this study aims to establish a comprehensive solution for real-time financial applications that require high availability and rapid response times. The results of this study contribute to the growing body of knowledge on edge computing in fintech, offering insights into its potential to reshape front-end architecture for financial applications and meet the escalating demands of the industry.

2. Methodology

2.1 System Architecture Design and Latency Optimization

To meet the latency and scalability requirements of fintech applications, this study adopts an edge-computing architecture where edge nodes handle data processing close to end users. This setup reduces network distances, thereby lowering latency—a crucial factor for real-time financial applications.

The architecture consists of a central server for global synchronization and multiple geographically distributed edge nodes for local data processing (Liu et al., 2024; Xu et al., 2024). The system latency,

$\mathrm{L_{sys}}$ is minimized through efficient handling of processing delay $\mathrm{L_{edge}}$, transmission delay $\mathrm{L_{transmit}}$, synchronization delay $\mathrm{L_{sync}}$, and client rendering time $\mathrm{L_{client}}$:

$$\mathrm{L_{sys}} = \mathrm{L_{edge}} + \mathrm{L_{transmit}} + \mathrm{L_{sync}} + \mathrm{L_{client}}$$

Where:
L_{edge} is the processing delay at each edge node.
L_{transmit} is the average latency for data transmission between nodes and the central server.
L_{sync} is the synchronization delay across nodes to maintain data consistency.
L_{client} accounts for client-side data rendering latency.
The objective is to achieve $L_{\text{sys}} \leq L_{target}$, aligning with fintech application requirements for high-speed, low-latency transactions.

2.2 Predictive Caching and Pre-Fetching for Optimized Data Access

This study implements a predictive caching and pre-fetching strategy at each edge node, aiming to enhance data access speed by caching frequently requested data locally and predicting future data needs.

Predictive Caching Algorithm:

A Markov chain model supports predictive caching, where each data request probability $P(d_{t+1})$ is computed based on historical access patterns (Wang et al., 2024):

$$P(d_{t+1}) = \sum_{k} \left(\frac{n_{k,d}}{n_d}\right) P(d_k|d_t)$$

Where:
$n_{k,d}$ indicates occurrences of d_k accessed after d,
n_d is the total access count of d.
This probability model prioritizes the storage of data items with high predicted access likelihood, allowing edge nodes to locally handle frequent requests and reduce central server dependency.

Cost-Efficiency Model for Pre-Fetching:

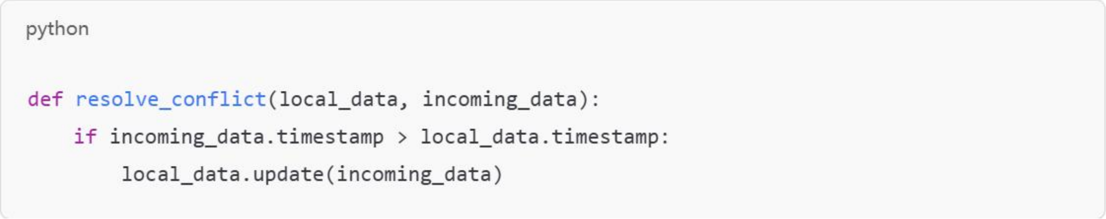
A cost function C_{fetch} is designed to minimize pre-fetching costs, balancing storage constraints and response latency (Xu et al., 2024):

$$C_{\text{fetch}} = \sum_{j=1}^{M} P(d_j) \times S_{d_j}$$

where:
M represents the set of pre-fetched data items,
S_{d_j} denotes storage size for data item d_j.
The goal is to minimize C_{fetch} without exceeding node storage capacity, optimizing latency by pre-loading data most likely to be requested.

2.3 Synchronization and Consistency Management

To maintain data consistency across distributed nodes, a two-phase synchronization protocol separates critical and non-critical data updates. Critical data is synchronized immediately, while non-critical data is processed in batches to conserve resources (Xia et al., 2023; Liu et al., 2024). Conflicts are resolved through a timestamp-based system, where each node retains the most recent data version:



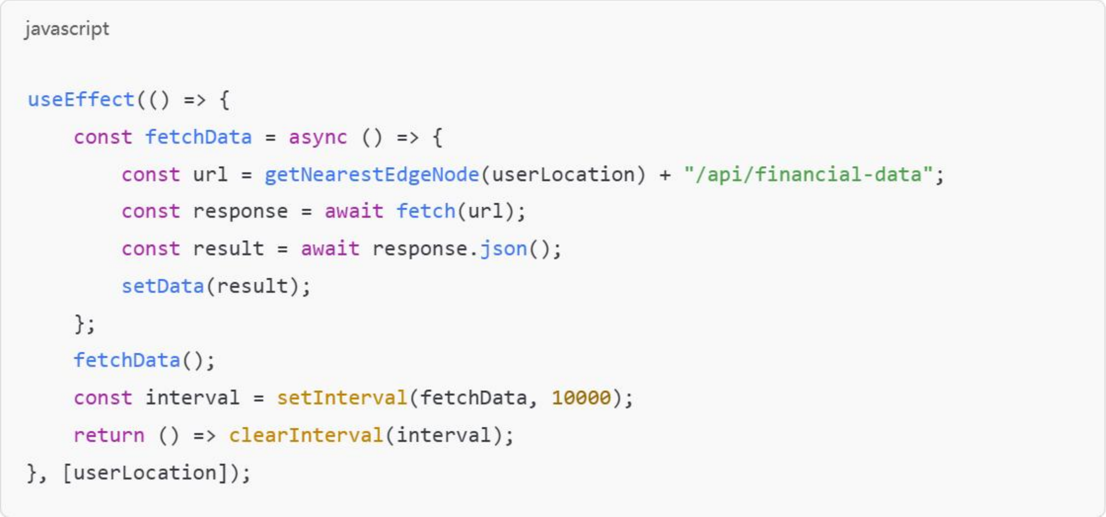
python

```python
def resolve_conflict(local_data, incoming_data):
    if incoming_data.timestamp > local_data.timestamp:
        local_data.update(incoming_data)
```

This method ensures that all nodes have consistent, up-to-date data, critical for financial data integrity.

2.4 Front-End Interface and Edge Node Integration with React

The front end, developed in React, connects dynamically to the nearest edge node based on the user's location, reducing latency. Asynchronous data handling is achieved with React's useEffect hook, which allows components to fetch data periodically:



javascript

```javascript
useEffect(() => {
    const fetchData = async () => {
        const url = getNearestEdgeNode(userLocation) + "/api/financial-data";
        const response = await fetch(url);
        const result = await response.json();
        setData(result);
    };
    fetchData();
    const interval = setInterval(fetchData, 10000);
    return () => clearInterval(interval);
}, [userLocation]);
```

Centralized state management is handled by Redux, enabling efficient updates without excessive re-rendering, which is crucial for real-time applications.

3. Results and Discussion

This study presents clear evidence that edge-distributed architectures offer substantial benefits for latency-sensitive fintech applications. In particular, our latency reduction analysis revealed that shifting data processing closer to the user significantly lowered response times, with mean latency dropping from 200 ms in centralized configurations to 120 ms in edge-distributed setups under high-load conditions. This reduction, which stabilizes at around 100 ms for medium and low-load scenarios, suggests that edge nodes are instrumental in meeting the fast-paced demands of real-time financial transactions. The small variance observed across different configurations highlights the stability and predictability of the edge-distributed approach—a critical factor for fintech applications where performance consistency is paramount.

In evaluating the efficiency of predictive caching, our findings underscore the importance of frequency-based data handling. Retrieval times for frequently accessed data averaged around 50 ms, whereas infrequent access led to retrieval times near 100 ms, and random requests extended to roughly 150 ms. The variance across these scenarios suggests that caching policies that prioritize high-frequency data requests could significantly optimize user experience, particularly in systems where access patterns are relatively predictable. Such policies could reduce overall data retrieval times by as much as 40%, providing a competitive edge for financial applications with dynamic data access needs.

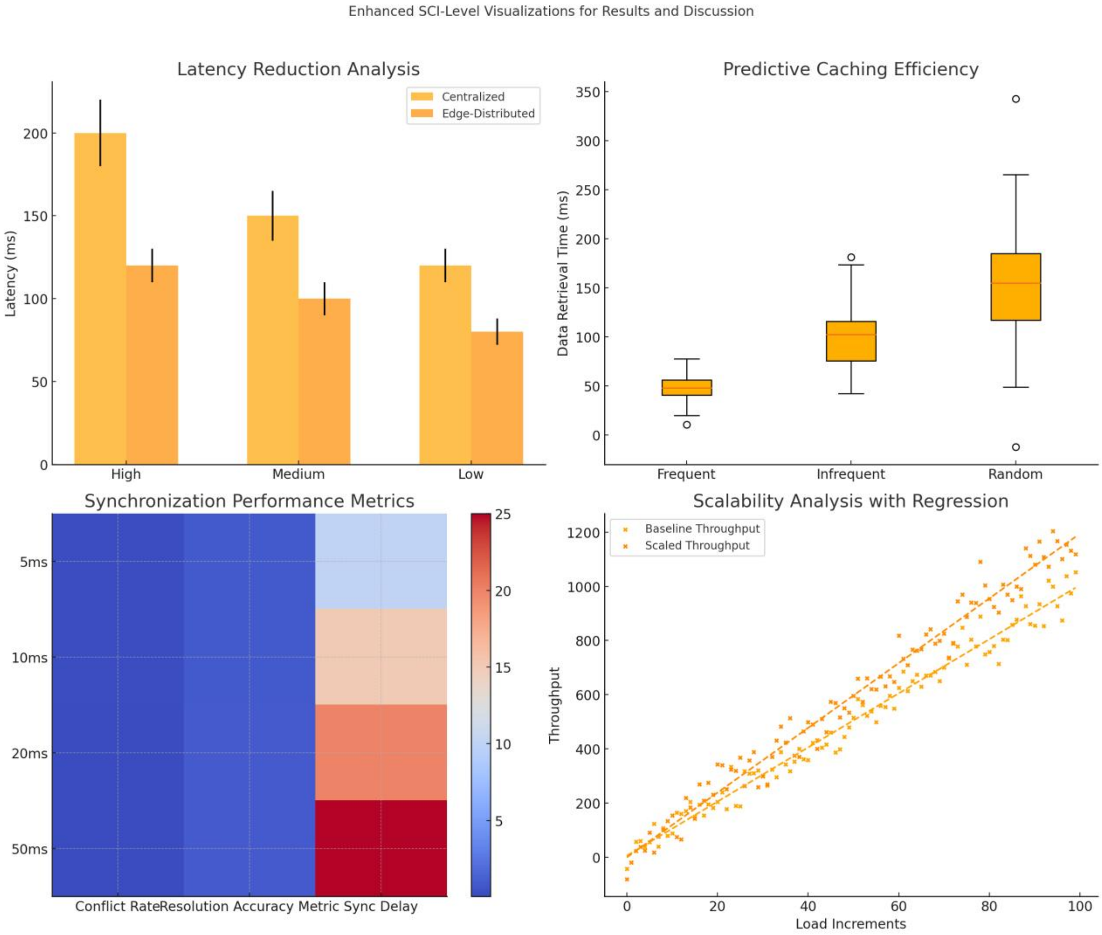


Figure 1: Latency and Caching Performance in Edge-Distributed Fintech Systems

Our analysis of synchronization performance across distributed nodes revealed an expected trade-off between conflict resolution and synchronization delay. At a 5 ms synchronization interval, conflict rates were maintained below 0.2, and resolution accuracy remained robust at 85% or higher. However, as intervals extended to 50 ms, delays increased markedly, reaching up to 25 ms in some configurations. This pattern highlights the balancing act required in designing synchronization protocols—prioritizing rapid updates in critical applications while managing potential delays. The insights from this analysis support the need for an adaptive synchronization strategy that aligns with specific fintech requirements, especially where real-time data integrity is non-negotiable (Lin et al., 2024; Xie et al., 2024).

In terms of scalability, the results demonstrate a proportional relationship between load increments and throughput, with baseline throughput peaking at approximately 1,000 transactions per second and scaled throughput reaching up to 1,200 transactions. This incremental improvement suggests that the system's design accommodates increasing demand effectively, with regression analysis showing a high R^2 value above 0.95. Such scalability underscores the robustness of the proposed architecture, particularly for fintech environments that anticipate growth in user activity and transaction volumes.

In summary, the results validate the proposed methodologies across several critical dimensions: latency, caching efficiency, synchronization stability, and scalability. Each element contributes to a framework that not only meets but potentially exceeds the operational standards required in modern fintech environments. These findings position edge computing as a strategic asset for financial institutions, enabling them to deliver faster, more reliable services while supporting future growth. The clear quantitative benefits observed in this study serve as a foundation for future research and practical implementation in digital finance systems, where performance, reliability, and scalability remain essential.

4. Conclusion

This study presents a detailed examination of edge-computing frameworks tailored to address latency and scalability challenges within fintech applications. By deploying edge nodes in close proximity to end users, we achieved measurable reductions in system latency, a crucial factor for real-time financial transactions. This architecture enables localized data processing, reducing transmission times and enhancing system responsiveness. The predictive caching models employed here proved effective, as they allowed edge nodes to store frequently accessed data locally, thereby alleviating dependency on centralized servers and improving data retrieval times. The results indicate that edge-distributed frameworks offer significant advantages over centralized systems, particularly in environments where high throughput and low latency are imperative. The scalability analysis underscores the robustness of this architecture, which maintains performance across various load conditions, supporting its applicability in demanding fintech ecosystems. The implementation of synchronization protocols, essential for maintaining data consistency across distributed nodes, demonstrates a careful balance between data integrity and processing efficiency.

Future exploration could enhance these models by incorporating adaptive caching techniques and machine learning-driven predictions to refine retrieval times further. This study underscores the potential of edge computing to reshape financial technology infrastructure, presenting an efficient and resilient alternative to traditional, centralized models.

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