MULTI-FACTOR CHECK-AND-BALANCE MECHANISM OF THE SPREAD OF URBAN FINANCIAL EMERGENCIES AND PUBLIC PSYCHOLOGICAL ACCEPTANCE

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Abstract

The public tends to have psychological stress and herd mentality in the face of financial emergencies. This is not conducive to check and balance the spread of financial emergencies. This paper analyzes the process of the spread of urban financial emergencies, explores the psychological changes and stress response factors of the public, and then puts forward a multi-factor check-and-balance mechanism against the spread of urban financial emergencies. The results show that, in financial emergencies, the public has different levels of psychological acceptance, due to the difference in benefits and losses, personal traits, psychological characteristics, behavioral tendencies, temperament and personalities; males, young people and the well-educated have relatively high psychological acceptance, and thus a strong ability to check and balance the spread of financial emergencies. The research lays the theoretical basis for the psychological aids of the public under financial emergencies.

Key words: Financial Emergencies, Public Psychology, Psychological Stress, Herd Mentality, Psychological Acceptance.

INTRODUCTION

Emergencies are sudden events that cause threat or harm to public safety, as people’s awareness of crisis is enhancing, "financial emergencies" have been mentioned more frequently (Ferguson, 2014). The risk spread of financial emergencies in cities is generally divided into three processes: the priming of the risk, the transmission and diffusion of the risk along certain paths, and the amplification of the risk during the transmission and diffusion (Hepworth, 2006). Existing research on the risk transmission and transmission mechanism of financial emergencies shows that when financial emergencies achieve an uncontrollable stage, the financial risks will be magnified infinitely; when amplified to a certain extent, the financial risks will trigger financial crisis (Shoygu, 2014; Schinke, Papaioannou, & Schaack, 2016). According to the inducement, the financial emergencies in cities are divided into two types: internal deviation accumulation type, and the external factor addition type; the transmission process has the characteristics of sudden, destructive, contradictory, and it’s affected by the social transformation (Keitel, Ringleb, Schwartges et al., 2011).

Financial emergencies in cities are generally triggered by the interests of some groups, within a short period of time, psychological resonance and crowd gathering of certain groups could be generated; people’s behaviors are controlled by their thoughts, and different people would exhibit different psychological stress responses (He & Liu, 2015). The psychological acceptance of the public is...
To ensure the returns of investors and depositors, stabilize the financial order, reduce social costs, and guarantee the continuity of financial services, after the occurrence of financial emergencies in cities, it’s necessary to ensure the returns of investors and depositors and stabilize the financial order (Nilsen, Dion, Karevold et al., 2016). The occurrence of financial emergencies in cities is comprehensive, natural, and uncertain. With the spread of the emergencies, the impact is magnified, bringing great negative impact on the social stability in the cities (Bogaerts, 2010). For a city, the economic and demographic conditions are the key to determining financial emergencies. Financial emergencies are connected, some are caused by international affairs or turbulence, and some are caused by decision-making errors of financial institutions (Mahesh, 2012).

Financial emergencies happen in the financial field, and the outbreak mechanism is quite complex. In the human-centered social systems, financial emergencies are often subject to economic policies and human intervention, and the accumulation of these deviations would force the original financial operating system to deviate from its normal orbits, and thus resulting in emergencies.

**CURRENT STATUS OF THE SPREAD OF FINANCIAL EMERGENCIES AND EXISTING PROBLEMS**

*Figure 1. Problems in public psychological acceptance of urban financial emergencies*

- Ignore the education of crisis psychology
  - The education system of crisis psychology is not perfect
- Neglect of psychological intervention in public psychological comfort
  - Lack of psychological comfort training
  - The basic theory of psychological intervention is weak and the work continuity is poor
  - Deviation of psychological comfort consciousness
- Neglecting the guidance of public opinion in public psychological comfort
  - Government's untimely disclosure of important information leads to public psychological dissatisfaction
  - Insufficient media participation in public opinion guidance leads to public psychological anxiety
  - The government's public opinion guidance is not timely, leading to public psychological panic
- Neglecting the effective communication mechanism in public psychological acceptance
  - Neglecting the channel of public interest appeal, leading to rebellious psychology
  - Neglecting the effective exertion of Internet public opinion leads to depression
  - Neglect the effective use of media, leading to emotional instability
- Ignore the public psychology and accept the strong legal support of comfort
  - Citizens' weak consciousness of the rule of law
  - Neglect to regulate the aftermath treatment by law

subject to the checks and balances of multiple factors. With the development of the emergencies, the psychological acceptance and stress response of the public are also changing constantly, and all these changes would play a vital role in the effect of stress management after the incident (Schui & Krampen, 2010). Financial emergencies often involve the properties and interests of the public. During the occurrence or spread of most financial emergencies, the public usually has no psychological preparation, so the life threats and economic losses brought by the emergencies will have a huge impact on the psychology of the public. Negative emotions are flooded around people, affecting their psychological health (Zhang, 2013). Based on the processes of the spread of financial emergencies in cities, this paper explores the psychological changes and stress response factors of the public, and provides corresponding multi-factor check-and-balance countermeasures. This study provides a theoretical basis for the psychological aids of the public after the occurrence of financial emergencies.
Figure 1 shows the problems existing in the psychological acceptance of the public during financial emergencies in cities, mainly including neglecting the psychological education of emergencies, neglecting the psychological intervention and opinion guidance of the public during psychological comfort, and neglecting the effective communication mechanism and the strong legal support of the public psychological acceptance. With the development of information technology, the spread of financial emergencies in cities is very fast, and online public opinion has become a main way to guide the behavior of the public. Under the influence of public opinion, people are prone to adverse psychological and emotional instability (Alavi, Aboutalebi, & Sadat, 2016).

PUBLIC PSYCHOLOGICAL CRISIS DURING FINANCIAL EMERGENCIES

Financial emergencies are sudden and the inducing factors are diverse, the spread of emergencies is a small probability event. During financial emergencies, the public’s benefits and losses are different, plus the different personal traits, psychological characteristics, behavioral tendencies, temperament and personalities of the public, all these lead to different levels of psychological acceptance of the public. After encountering financial emergencies, the psychological characteristics displayed by the public include: stress response abnormality, emotional abnormality, psychological adaptation abnormality, and cognitive process abnormality, etc.

Figure 2 shows the factors affecting the public psychological crisis during the spread of financial emergencies, including individual factors, social factors, government factors, and group factors, among which the individual factors include trust, awareness of rights, cognitive bias, psychological imbalance, and herd mentality, etc.; the social factors include unequal interests, rumors, etc.; the government factors include coping measures, information transparency, and hostile forces, etc.; the group factors include emotional infection, imitation, and group psychology, etc. Figure 3 shows the causes of the public psychological crisis in the spread of financial emergencies, and Figure 3 (a) shows the situation in which there is no interest relationship between the groups. When there is no interest relationship between the groups, the main factors affecting the public psychological crisis is the coping measures, followed by the group psychology and the rumors; psychological imbalance and emotional infection have little effect on the public psychological crisis. Figure 3 (b) shows the situation where there are interest relationships between the groups. It can be clearly seen that when there are interest relationships between groups, group benefits and unequal benefits have become important factors affecting the public psychological crisis, and the information and emotional infection factors have little impact on public psychology.

Figure 2. Influencing factors of public psychological crisis in the spread of financial emergencies

Figure 3. The causes of public psychological crisis in the spread of financial emergencies
MULTI-FACTOR CHECK AND BALANCE FOR PUBLIC PSYCHOLOGICAL ACCEPTANCE IN FINANCIAL EMERGENCIES

Construction of a multi-factor influence system for public psychological acceptance in financial emergencies

In financial emergencies, public psychological acceptance is a complex system with multiple factors acting together. When the public is still unclear about the emergency or their own status, various factors will coexist and act together to play different roles in public psychological acceptance. The selection of multi-factor indicators for public psychological acceptance in financial emergencies should follow the principles of comprehensive, objective, systematic, typical, comparable, and hierarchical. The most important factor affecting public psychological acceptance is the scale and intensity of the incident, followed by the duration and the benefit loss. When establishing the multi-factor system of fair psychological acceptance, factors with greater relevance were taken as main indicators, and the factors given by this paper are incident intensity, public quality, social environment, comfort measures and emergency response. After the occurrence of financial emergencies in cities, only the high-level public psychological acceptance can inhibit or balance the transmission and diffusion of the emergencies. Therefore, exploring the factors of public psychological acceptance is crucial to check and balance the spread of financial emergencies.

Assessment of public psychological stress response in financial emergencies

Under the influence of various factors, the public’s psychology would be complex and diverse after the occurrence of financial emergencies. The earlier the intervention, the higher the psychological acceptance of the public, but the stress response status of the public still exists. After the occurrence of financial emergencies in cities, we should assess the public’s psychological status and the stress response status as soon as possible, so as to better understand the public’s psychological acceptance status and formulate corresponding check and balance countermeasures. In order to explore the influence of gender, age and education level factors on the public psychological stress response status, this study adopts questionnaire survey and statistical analysis methods to investigate 247 e-commerce entrepreneurs in Hangzhou City, Zhejiang Province, China, and the basic information of the subjects are shown in Table 1. The survey adopted the percentile system, and higher score indicates stronger psychological stress response and lower psychological acceptance of the public.

Figure 4. The influence of various factors on the public psychological response

Figure 4 (a) shows the gender factor, it can be clearly
seen that females have higher scores than males, indicating that when a financial emergency occurs, the males’ psychology acceptance level is higher, with the spread of the financial emergency, its influence on males is smaller than that on females (indicating that females are more likely to be affected by audience factors). Figure 4 (b) shows the age factor; it can be seen that as the age increases, the public’s psychological stress response becomes more intense, which means that young people have a stronger ability in check-and-balance psychological acceptance. Figure 4 (c) shows the education level factor; it can be clearly seen that with the increase of education level, the public’s psychological stress response has decreased significantly, and this is related to their professional analysis abilities, people with higher education level exhibit higher professional literacy and ability in the check and balance of financial emergencies.

### Table 1. Basic information of investigators

| Types          | Classification       | Quantity | Proportion |
|----------------|----------------------|----------|------------|
| Gender         | Male                 | 144      | 58.30%     |
|                | Female               | 103      | 41.70%     |
| Age            | 25-35                | 63       | 25.51%     |
|                | 36-45                | 82       | 33.20%     |
|                | 46-55                | 46       | 18.62%     |
|                | >55                  | 56       | 22.67%     |
| Education level| High school and below| 50       | 20.24%     |
|                | Junior college       | 87       | 35.22%     |
|                | Bachelor degree or above| 110 | 44.53%     |

### Figure 5. Public response mechanism to financial emergencies

![Public response mechanism to financial emergencies](image)

**Public psychological crisis resolution mechanism in financial emergencies**

After the occurrence of financial emergencies in cities, the public psychological crisis directly affects the public’s psychological acceptance level. During major financial emergencies, the public’s psychological acceptance level is lower, and the public psychological crisis is quite serious. The generation mechanism of public psychological during financial emergencies in cities includes the cognition process, the stress response status, and the coping strategies, etc. Figure 5 shows the public coping mechanism under financial emergencies. The occurrence of financial emergencies generates stimulus, and once the public is aware of the threat, they would integrate their own resources and social resources to cope with it.

### Figure 6. The influence of various factors on the public psychological response

![The influence of various factors on the public psychological response](image)

**Public psychological comfort measures in financial emergencies**

- Strengthen the psychological comfort of specific groups
- Establish and improve the information disclosure system
- Seize the opportunity to guide public opinion
- Accurate information communication language
- Strengthen public psychological education
- Strengthen the education of the public concept of rule of law and eliminate the herd mentality
- Strengthen public crisis psychological education to prevent excessive escalation of events
- Develop people’s livelihood, maintain people’s strength and promote psychological comfort
- Handle decisively, guide carefully, and promote psychological comfort
- Collect public opinion, gather public sentiment and promote psychological comfort
Figure 6 shows public psychological comfort countermeasures under financial emergencies. First, we should give psychological comfort to special people groups during the emergencies, make the information more transparent so as to eliminate the doubts of the public, and seize the opportunity to guide public opinion while establishing a sound information disclosure system. Second, strengthen public psychological education, eliminate herd mentality from the perspective of law education, ideological education and crisis psychological education, cultivate a good public psychology, and prevent excessive incident escalation. And at last, we should strengthen the psychological integration of the public.

CONCLUSIONS

Based on the processes of the spread of financial emergencies in cities, this paper explored public psychological changes and the stress response factors, and proposed corresponding multi-factor check-and balance countermeasures. The specific conclusions are as follows:

(1) Financial emergencies are sudden and the inducing factors are diverse. During financial emergencies, the public’s benefits and losses are different, plus the different personal traits, psychological characteristics, behavioral tendencies, temperament and personalities of the public, all these lead to different levels of psychological acceptance of the public.

(2) After encountering financial emergencies, the psychological characteristics displayed by the public include: stress response abnormality, emotional abnormality, psychological adaptation abnormality, and cognitive process abnormality, etc.; and the factors affecting public psychological acceptance include individual factors, social factors, government factors, and group factors, etc.

(3) Public psychological acceptance is a complex system with multiple factors acting together, it is related to factors such as gender, age, and education level of the public. Males have a higher level of psychological acceptance, and young people and people with higher education levels have a higher level of psychological acceptance, so their ability to check and balance the spread of financial emergencies is stronger.

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