Rethinking the Bank Marketing Budget: An Objectives-Based Approach for 2025

A perspective for growth-focused banks in a transformative market

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Introduction:

For decades, many banks have approached marketing budgets with a simple equation: multiply total assets by a standard percentage—often 0.05% to 0.07%—and call it done. This method, endorsed by various banking associations and used widely for benchmarking, offers predictability and simplicity.

But in a dynamic, digitally driven, hyper-competitive marketplace, predictability isn't the same as performance.

The reality in 2025 is this: a static, percentage-based budget model is backward-looking. It reflects where your bank has been—not where you're trying to go.

WHY PERCENTAGE-BASED BUDGETING FALLS SHORT

Benchmarks have their place. Knowing how your institution's marketing spend stacks up against peer banks is useful for context and board conversations. But it's a limited view. Budgeting as a flat percentage of assets assumes that marketing is a fixed cost, rather than a strategic lever.

What that approach overlooks is your most important variable: your defined objectives.

Are you entering a new market or recovering market share? Rolling out a digital banking platform? Rebranding after a merger? Trying to grow deposits in a flat-rate environment?

None of those situations are recognized or captured in an asset-based formula. And yet, they each demand specific strategies and tailored investment.

A smarter question than "What do banks of our size typically spend?" is "What do we need to spend to accomplish what we've set out to do?"

THE CASE FOR OBJECTIVES-BASED BUDGETING

Objectives-based budgeting reverses the traditional approach. Rather than letting the budget define the plan, it lets the plan define the budget.

You start by identifying your top-priority marketing objectives for the year—and then calculate what it will take to achieve each one. That includes media costs, creative development, digital tools, internal capacity, agency resources, and measurement frameworks.

This approach promotes strategic clarity. It helps avoid a common pitfall: trying to do too many things with too little budget. You may not be able to execute ten initiatives well—but you can likely do five extremely well, with the right focus.

It also creates alignment. When marketing's budget is tied to business goals (e.g., deposit growth, customer acquisition, market entry), the C-suite and board are more likely to support—and defend—those investments.

BENCHMARKING STILL MATTERS—BUT CONTEXT MATTERS MORE

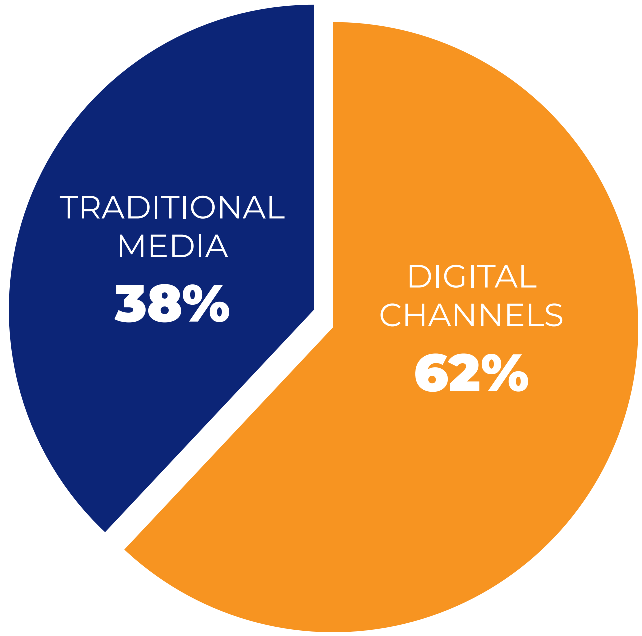
For context, here's how percentage-based marketing budgets typically shake out in the U.S. community bank space:

ASSET SIZE: TYPICAL ANNUAL MARKETING BUDGET (0.05%–0.07%)

- **$500M: $250,000 – $350,000**
- **$1B: $500,000 – $700,000**
- **$2B: $1M – $1.4M**
- **$3B: $1.5M – $2.1M**

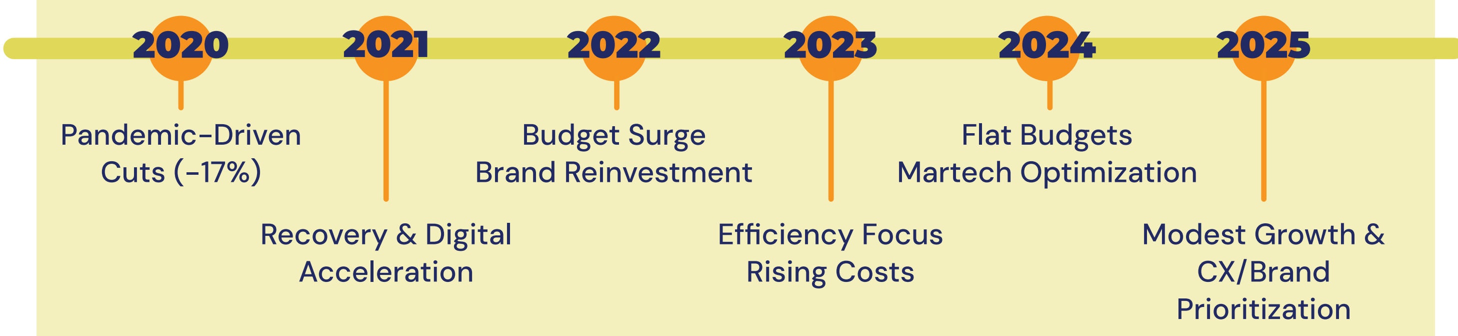
While these figures provide useful guardrails, they are not mandates. Growth-focused institutions often invest above these levels, not recklessly, but strategically. Their spend is justified by growth goals and grounded in measurable outcomes.

2025 BANK MARKETING BUDGET ALLOCATION



In 2025, over 50% of banks and credit unions are planning to increase their marketing investments[1]. Notably, 62% of marketing spend now goes to digital channels[2]—reflecting a continued shift away from traditional media. Spending on martech tools remains robust, comprising nearly a quarter of budgets[3]. Institutions are increasingly funding customer experience initiatives, where returns are higher and stickier[4].

BANK MARKETING BUDGET TRENDS: 2020 — 2025



CASE STUDIES: BUDGETING FOR STRATEGIC OUTCOMES

United Bank (WV): Strategic Marketing to Support Market Expansion[7]
Following its acquisition of Carolina Financial Corporation in 2020, United Bank expanded its presence into North Carolina and South Carolina. To support this growth, the bank implemented a data-driven marketing campaign aimed at attracting and engaging new customers in competitive markets like Washington, D.C. This campaign included digital acquisition strategies, direct mail, and staff incentive programs, promoting a genuinely free checking account to differentiate itself and drive growth

Pinnacle Financial Partners (TN): Marketing Reinforcing Culture and Community Engagement[8]
Pinnacle Financial Partners emphasizes a culture of high-touch, personalized service. In 2023, the firm committed approximately $902.6 million to community development investments, representing 1.88% of its assets. This investment includes contributions to community causes and nonprofits, reflecting the firm's strategy to align marketing efforts with community engagement and internal branding.

Live Oak Bank (NC): : Objective-Based Digital Marketing at Scale[9]
Live Oak Bank focuses on lending to small businesses across various verticals. In 2024, the bank reported a 26% year-over-year increase in core operating leverage, attributed to its targeted marketing and lending strategies. The bank's approach includes affiliate marketing and digital campaigns tailored to specific industries, supporting its growth in loan production and total assets.

BUILDING BRAND IS AN OBJECTIVE, TOO

In a performance-driven world, it's easy to focus only on campaign-based objectives. But neglecting brand investment is a costly mistake.

Your brand isn't just a logo or tagline—it's the foundation of trust. A well-established brand reduces customer acquisition costs and increases long-term loyalty. Institutions investing in brand equity experience higher retention, lower customer acquisition costs, and greater share of wallet over time.

The banking industry has long favored performance campaigns for their measurable ROI. But research shows that 70% ROI is a common return when marketing to existing customers, versus only 10% when targeting net-new audiences[5]. Strong brand marketing boosts lifetime value along with conversion rates.

GAINING LEADERSHIP BUY-IN

To win C-suite support, marketers need to frame budgets in the context of business outcomes: new accounts, deposit growth, revenue.

Financial Center First CU tracked $658K in returns on $300K in marketing—a 2.2x ROI—and used that data to gain executive and board trust[6].

Top-performing banks use internal dashboards, share campaign results often, and align marketing initiatives with their bank-wide strategy. The most successful bank CMOs treat their internal stakeholders like a marketing audience—educating them year-round with wins, updates, and impactful customer stories.

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A PATH FORWARD FOR GROWTH-MINDED BANK MARKETERS

Define Business Objectives First Tie every major budget line item to a strategic goal—whether it's deposit growth, new market entry, customer onboarding, or brand transformation.

Build Budgets Around Outcomes, Not History Model the all-in costs to achieve each objective, including media, creative, technology, internal resources, and measurement tools.

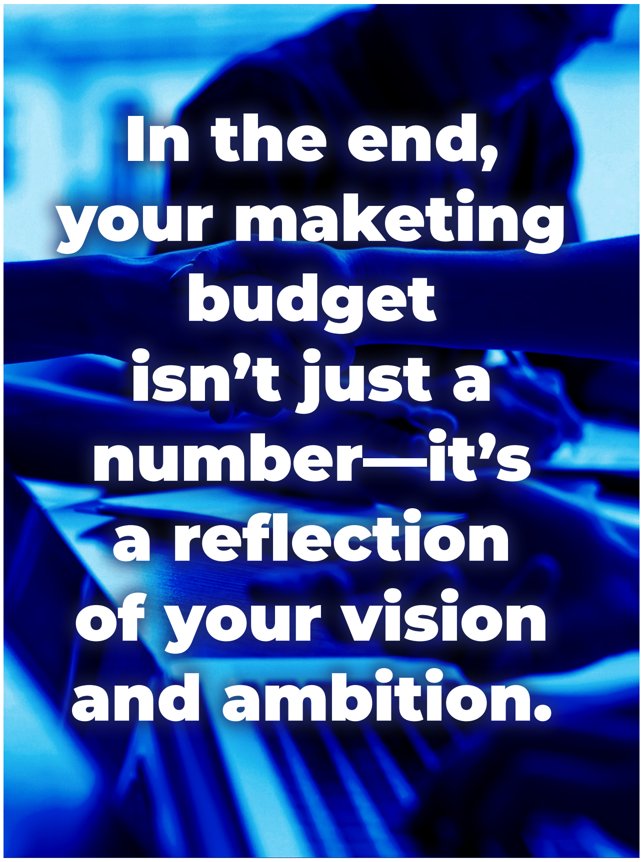
Use Metrics that Matter Track performance using cost of acquistion, lifetime value, conversion rates, and Net promoter scores—not just impressions and clicks.

Involve the Executive Team Early When the C-suite sees that marketing is aligned with the bank's overarching goals, the budget becomes an investment—not a line item to cut.

Budget for Agility Reserve 10–15% of your budget for emerging opportunities or mid-year shifts. Strategic responsiveness should be part of every marketer's toolkit.

Don't Lose the Brand Prioritize short-term wins, but keep building long-term value. Your brand is your future competitive edge.

CLOSING THOUGHT: BUDGET FOR WHERE YOU WANT TO GO



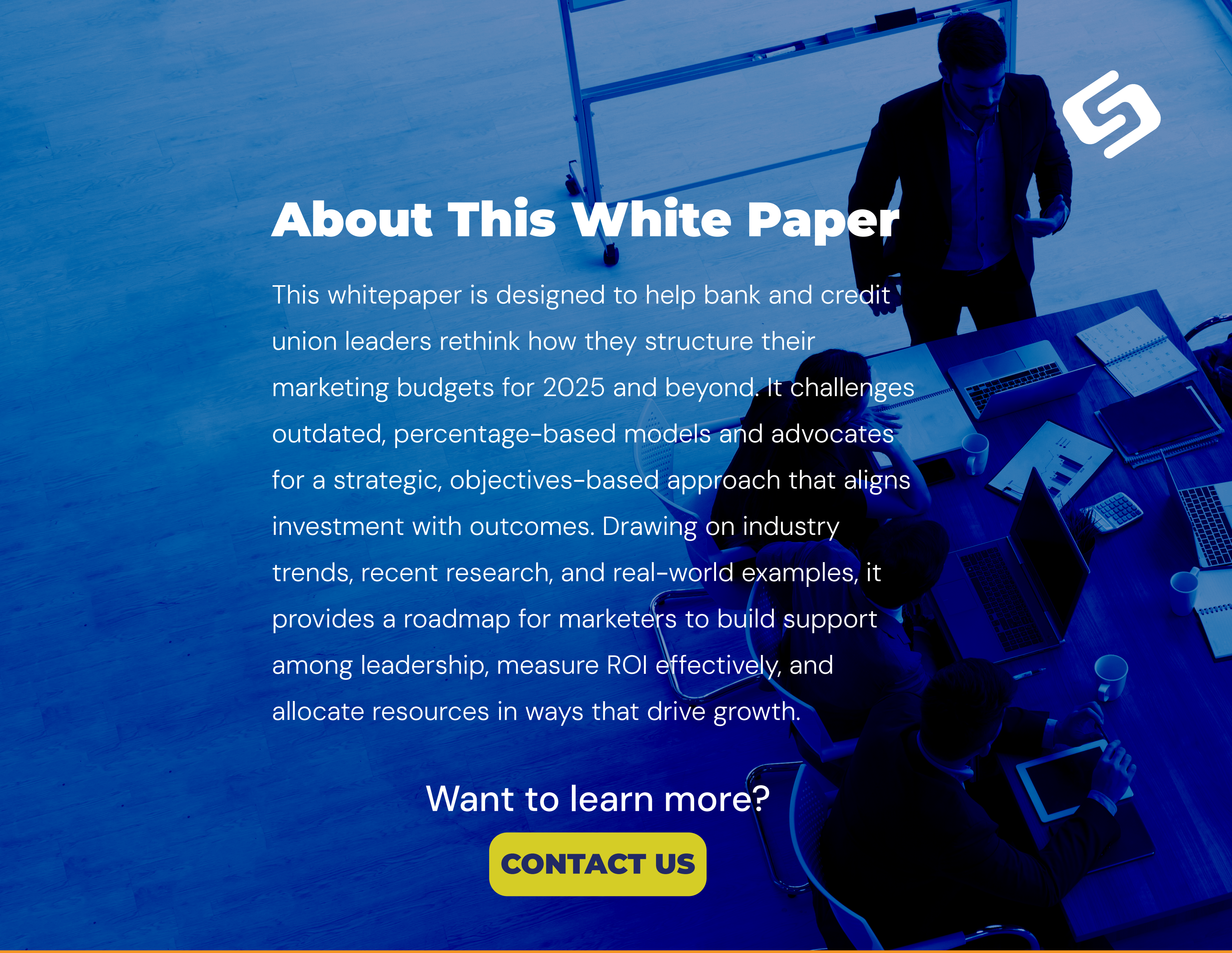
Marketing is not just about amplifying where your bank is today—it's about fueling where you aim to be tomorrow. In a climate where every dollar must prove its worth, aligning budget with strategy is not a luxury. It's a necessity.

Objectives-based budgeting helps you lead, not just follow. It clarifies priorities, focuses resources, and drives outcomes that matter.

In the end, your marketing budget isn't just a number—it's a reflection of your vision and ambition.

SOURCES

[1] The Financial Brand, "How Bank Marketers Push (and Win) for Their Budgets Amid Cost-Cutting" [2] Gartner CMO Spend Survey 2024–25 [3] The Financial Brand, "9 Critical Priorities for Bank Marketing Budgets" [4] ABA Banking Journal, "Marketing Budget Trends in 2025" [5] Bain & Company, Customer Loyalty & Profitability Benchmarking [6] The Financial Brand, "Proving Marketing ROI in Credit Unions: A Case Study" [7]newsandsentinel.com+4annualreports.com+4retailbankerinternational.com+4adrenalinex.com [8] pnfp.com [9] s202.q4cdn.coms202.q4cdn.com



About This White Paper

This whitepaper is designed to help bank and credit union leaders rethink how they structure their marketing budgets for 2025 and beyond. It challenges outdated, percentage-based models and advocates for a strategic, objectives-based approach that aligns investment with outcomes. Drawing on industry trends, recent research, and real-world examples, it provides a roadmap for marketers to build support among leadership, measure ROI effectively, and allocate resources in ways that drive growth.

Want to learn more?

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