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Topic: A Timely Legislative Initiative: Untangling the “Swiss Franc Knot”

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I. Introduction

Although Switzerland has long been synonymous with neutrality, the Swiss franc and the widespread conclusion of loan agreements denominated in that currency has, in combination with fluctuations in the CHF/EUR exchange rate, generated a complex web of non-performing loans. This development has evolved into a multifaceted legal, social, and political issue.

Following years of controversy, litigation, and legislative inertia, Article 128 of Law 5264/2025 (Government Gazette A' 239/19.12.2025) introduces a structured mechanism for the conversion of such loan agreements into euros, followed by a binding method for calculating and restructuring the outstanding debt.

II. Judicial Background and Case Law Developments

After a period of inconsistent and often contradictory judgments issued by courts of first and second instance across Greece, the Plenary Session of the Supreme Court (Areios Pagos) addressed the issue in Decision No. 4/2019.

By majority, the Court interpreted Article 6(2) of Law 2251/1994 on consumer protection in a manner consistent with EU law, particularly Directive 93/13/EEC on unfair terms in consumer contracts and the relevant jurisprudence of the Court of Justice of the European Union (CJEU). The Court held that where a contractual term merely reflects a provision of national law, i.e. where it is *declaratory* in nature, such a term cannot be classified as unfair. The rationale lies in the presumption that the legislator has already balanced the interests of both contracting parties.

The issue was also examined at EU level. In its judgment of 20 September 2017 in Case C-186/16, *Andriciuc and Others v Banca Românească SA*, the CJEU held that a loan clause requiring repayment in the same foreign currency in which the loan was denominated cannot be considered unfair, if it is drafted in clear and intelligible terms and was not individually negotiated.

III. Anatomy of the New Legislative Framework

The new statutory scheme introduces differentiated solutions depending on the personal, legal and financial status of the borrower.

1. Non-performing loans

Natural persons, self-employed professionals, and sole traders with loans or credit agreements denominated or converted into Swiss francs that are in arrears for at least ninety (90) days at the time of entry into force of the law may seek relief through the **out-of-court debt settlement mechanism** provided under Chapter A of Part Two of Law 4738/2020. In this case, the total amount of the debt denominated in Swiss francs is converted into euros at the current exchange rate, within the meaning of paragraph 9, and is subject to the interest-related and other terms provided for under the out-of-court settlement mechanism.

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2. Performing or restructured loans

Borrowers whose loans are either performing or have been restructured and remain performing and who have not sought protection under Law 3869/2010 (the so-called “Household Insolvency Law”), may apply for conversion of their total outstanding debt from Swiss francs into euros.

The terms of conversion are determined based on the borrower’s income and asset profile, introducing a degree of proportionality and social targeting.

3. Residual category of borrowers

Borrowers not falling within either of the above categories may nevertheless convert their outstanding debt into euros under the following statutory conditions:

Conversion rate: a rate improved by **15%** compared to the current exchange rate, as defined in Article 128(9).

- **Interest rate:** a fixed annual interest rate of **2.90%** for the entire remaining duration of the loan.
- **Interest calculation:** applied to the outstanding principal balance.

IV. Legal Effects of Participation in the Scheme

Entry into the statutory conversion mechanism entails significant legal consequences:

- All pending judicial proceedings, irrespective of their procedural stage, are terminated.
- Any existing loan restructuring agreements are automatically discontinued.
- Enforcement actions and recovery measures undertaken by creditors or their successors are suspended.

V. Concluding Remarks

Law 5264/2025 introduces a structured solution to Swiss franc loan exposure, but its scope remains deliberately limited. Legal entities are excluded, participation is voluntary, and borrowers must opt in within a strict and exclusive six-month deadline. As a result, the framework will not apply universally. Several borrowers are expected to remain outside the scheme, either because they are ineligible or because they rely on individualized claims, including alleged lack of transparency, contractual irregularities, or errors committed by lenders during enforcement proceedings. The new regime therefore does not eliminate litigation but establishes a parallel statutory route alongside continued court-based remedies.

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